

ECONOMIC DEVELOPMENT DEPARTMENT

# ANNUAL REPORT

## 2015 / 2016



economic  
development

Economic Development Department  
REPUBLIC OF SOUTH AFRICA



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development**

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# **ANNUAL REPORT 2015/2016 FINANCIAL YEAR**

ECONOMIC DEVELOPMENT DEPARTMENT - VOTE NO: 25



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# PART A

## General Information



# 1. Department General Information

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## 2. List of Abbreviations/Acronyms

<b>AGSA</b>	Auditor-General of South Africa
<b>AO</b>	Accounting Officer
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>Brics</b>	Brazil, Russia, India, China and South Africa
<b>CC</b>	Competition Commission
<b>CFO</b>	Chief Financial Officer
<b>CT</b>	Competition Tribunal
<b>DFI</b>	Development Finance Institution
<b>EU</b>	European Union
<b>HOD</b>	Head of Department
<b>IDC</b>	Industrial Development Corporation
<b>ITAC</b>	International Trade Administration Commission of South Africa
<b>Manco</b>	Management Committee
<b>MEC</b>	Member of Executive Council
<b>MPAT</b>	Management Performance Assessment Tool
<b>MTBPS</b>	Medium-Term Budget Policy Statement
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>MTSF</b>	Medium-Term Strategic Framework
<b>NDP</b>	National Development Plan
<b>NGP</b>	New Growth Path
<b>PFMA</b>	Public Finance Management Act
<b>PICC</b>	Presidential Infrastructure Coordinating Commission
<b>SBU</b>	Strategic Business Unit
<b>SCM</b>	Supply Chain Management
<b>SDIP</b>	Service Delivery Improvement Plan
<b>SMME</b>	Small, Medium and Micro Enterprises
<b>TR</b>	Treasury Regulations
<b>USA</b>	United States of America
<b>WTO</b>	World Trade Organisation



### 3. 2015/16 ECONOMY HIGHLIGHTS

Employment grew by	204 000
Total employment	15 663 000
Growth in women's employment	73 000
Jobs held by women	6 836 000
Growth in youth jobs	- 45 000
Youth jobs	6 194 000
GDP growth*	1.3%
Size of economy (nominal GDP)*	R4.0 trillion
Investment grew by*	5.7% / R 44.6 billion nominally
Total infrastructure spending	R269 billion
Manufacturing value add*	R475.5 billion (R11.5 billion higher than 2014)
Agricultural value add*	R85.1 billion (R2.1 billion more than 2014)
Job growth since NGP (October 2010)	2 016 000

\*2015 Calendar year



## 4. EDD AND AGENCY HIGHLIGHTS

PICC monitored infrastructure projects (March 2016)	312
Jobs on PICC projects, March 2016*	191 142
IDC funding approvals, 2015/16	R14.5 billion
IDC funding approvals for Black-empowered companies including black industrialists, 2015/16	R4.9 billion
IDC funding disbursements, 2015/16	R11.4 billion
IDC funds to youth-empowered enterprises	R970 million
Jobs supported through IDC funding, 2015/16	15 272
Penalties imposed by the Competition Authorities, 2015/16	R338 million
Mergers with employment and other public-interest conditions imposed by Competition Commission, 2015/16	28
ITAC tariff increases, 2015/16	6
ITAC tariff rebates (reductions), 2015/16	5
EDD staff numbers, March 2016	118
Budget spent: EDD, Competition Commission, Competition Tribunal, <b>sefa</b> and ITAC	R884 million
Frontline KPIs achieved	100%

\*Estimate

## 5. FOREWORD BY THE MINISTER



**Mr. Ebrahim Patel**  
Minister of Economic Development

### 5.1 OVERVIEW AND ECONOMIC PERFORMANCE

Global growth remained subdued in the period under review and South Africa's own growth rates were below the levels required to achieve our national goals. Given these more challenging economic conditions, EDD worked with other parts of government and the private sector to seek to avoid a recession and to promote job creation.

This Annual Report reflects more specifically on the work of the Department against its Annual Performance Plan submitted to parliament last year.

In this foreword I draw attention to the broader context and to developments after the period covered in the Report that are relevant to the work reported on herein.

The Department crafted an economic strategy in 2010 to recover jobs lost during the global economic downturn and to begin to place the economy on a more sustainable growth path. Since the adoption of the New Growth Path framework by Cabinet in October 2010,

to the end of this reporting period, roughly 2 million more people have found employment. During 2015, the country's GDP reached the R4 trillion mark for the first time.

However, our attempts to accelerate job creation have faced stronger headwinds in the last year and performance has slowed. In the 12 months to March 2016, 204 000 jobs were created, but the number of unemployed grew by 179 000 as a result of more people looking for work than the number of new jobs created. By March 2016, unemployment was 26.7% and the total number of employed was 15,6 million.

The economic strategy to address this was summed up in six i's:

- Infrastructure development to bring energy, water, transport logistics and ICT facilities on-stream
- Industrialisation to support and enhance the productive sectors of the economy
- Investment promotion to increase the levels of productive assets
- Innovation efforts to enable science and technology to shape new products and services
- Inclusion to bring young people, women, black industrialists and small businesses into the economic mainstream and to enable growth through improving the lives of people
- Integration of the economies on the African continent.

In the past year and in the current period, more attention is needed on three i's, namely

- Integrity in our economic dealings, covering the conduct of public officials, tender arrangements and contract management – in short, acting against corruption as well as action against cartels and price-fixing;
- Institution-building, to ensure well-managed public institutions and well-run state-owned companies and more dynamic, effective private enterprises; and
- Implementation, which includes better and faster converting policy-goals into delivery, particularly within the state.

### 5.2 COMPETITION AND TRADE REGULATION

The EDD is responsible for overseeing the competition authorities. Given South Africa's highly concentrated



economy and a legacy of collusive practices, vigorous enforcement of competition policy is essential. More competition, combined with effective small business support and enhanced developmental financing, is crucial to the job-creating industrialisation we need.

In the year under review, the authorities investigated cartels in a range of sectors, including steel, auto-components, glass products and in agriculture supply chains.

A recent World Bank study on competition in South Africa documented the damaging effects of cartel behaviour in the economy and noted that “in the case of four cartels in maize, wheat, poultry and pharmaceuticals – products which make up 15.6% of the consumption basket of the poorest 10 per cent – conservative estimates indicate that around 200 000 people stood to be lifted above the poverty line by tackling cartel overcharges”.

In advancing our work on combatting corruption, cartels and anti-competitive conduct, the EDD has been reviewing sections of the Competition Act. Changes were gazetted that now make it a criminal offence for directors or managers of a firm to collude with their competitors to fix prices, divide markets among themselves or collude in tenders or to acquiesce in collusion. If found guilty of such behaviour, they expose themselves to the risk of up to 10 years in jail.

The Department focussed on a number of competition matters during the financial year, some of which were finalised shortly after the end of the reporting period. A number of these resulted in significant commitments from companies on jobs, industrialisation and development.

In the acquisition of SABMiller by AB InBev, the engagements between AB InBev, the Ministry and the competition authorities set a new benchmark with respect to safeguarding South African jobs, guaranteeing total employment levels for a period of five years and committing to not retrench workers as a result of the merger. In addition, the company committed to spend an additional R1 billion to support the emergence of more than 800 new emerging farmers, create 2 600 new jobs and open fridge space to smaller competitors in company-owned cooling facilities in taverns.

In the case of the merger of three bottling operations for Coca-Cola to form the largest bottling company

in Africa, the EDD’s engagement with the parties contributed to commitments on employment and localisation of the purchase of production inputs as well as a new Fund to support emerging farmers. The company also agreed to open 10% of fridge-space in cooling units that it owns or sponsored at retail outlet level, to small bottlers. The Appletiser brand would continue to have strong South African links through equity and commitments to maintain local production.

The EDD oversees the International Trade Administration Commission (ITAC) which implements trade policy. Last year, South African exports and imports both totalled about R1 trillion. Exports make up 31% of our GDP, and imports are equivalent to 32% of our GDP. Given this context, the governance of trade is more important than ever.

The Ministry managed the appointment of six new commissioners and re-appointed three serving commissioners to form a new ITAC Commission in 2015.

One key challenge facing South Africa during the past year has been the effect of the global over-supply of steel production, on local companies. A careful balance has to be maintained between securing primary steel manufacturing capabilities in South Africa and avoiding ruinous price increases on downstream producers. As part of its support to the steel industry, ITAC processed 10 applications for tariff increases on primary steel within a very short time-period.

Other tariff investigations completed by ITAC, which resulted in tariff adjustments to give support to domestic producers, included increases on lead-acid batteries and polyurethane prepolymers. Rebates were also provided to lower the cost of inputs. For example, rebates were provided for certain components used in the manufacture of electricity meters, for panels used to manufacture raised flooring systems, acrylic sheet used for plastic sanitary ware, and certain polyester fabrics used in making furniture.

During the period, I have issued a Trade Directive, setting out what factors ITAC must consider when evaluating tariff applications. We want to ensure that companies do not rely only on tariff amendments to weather storms – they need to invest, innovate, train workers, improve their productivity and grow their market share.



### 5.3 INFRASTRUCTURE

Infrastructure has been a success story overall, providing new public assets, creating jobs and helping to keep the economy out of recession. The **current infrastructure investment programme** is the largest in South Africa's history and on the African continent. We invested **R1 billion per working day** in infrastructure during the past year. This public investment has made a significant impact on providing critical economic and social infrastructure for the country, from energy and roads to schools, clinics and student accommodation. The National Infrastructure Plan has 18 Strategic Integrated Projects (SIPs) that combines 100s of projects for better coordination and implementation and results in more than **200 000 direct jobs in the past year**.

The Presidential Infrastructure Coordinating Commission (PICC) drives and coordinates the public infrastructure programme. I wish to point to a number of key achievements.

**The first** is the technical work on legislation to combat **cable and metal theft** from public infrastructure. The theft of copper cable and metal from infrastructure poses a risk to, amongst others, public safety, electricity supply, provision of water, communications and transportation and has a severe negative impact on the South African economy. The PICC successfully coordinated the technical work on the matters covered in the Criminal Matters Amendment Act (2015), which has stricter provisions for the granting of bail, and the sentencing of offenders (a minimum of 15 years). The law also creates a new offence that criminalises damage to, tampering with, and destruction of essential infrastructure.

**The second** is the work on fast-tracking build projects and addressing funding gaps.

The PICC Technical Unit worked with the Departments of Water and Sanitation (DWS) and Environmental Affairs (DEA) to facilitate the granting of various Strategic Integrated Projects (SIP) Water Use Licenses and Environmental Authorisations. Since April 2015 to date, 22 successful interventions were made.

In the current economic conditions, funding of catalytic projects has been constrained. The PICC successfully

engaged with the BRICS National Development Bank to enable funding for Eskom transmission lines to support the Independent Power Producers programme.

Work done by the PICC Technical Unit, which falls within the EDD, contributed to Cabinet approving a list of 20 priority projects in energy; water; higher education and transport logistics.

These projects will be receiving the attention of the PICC in the new financial year to realise job creation.

In the **new economic context** we must **change pace, scale and how we work** – ramp up infrastructure investment, unblock and fast-track projects, introduce innovative funding and build approaches and develop **a new social compact and partnership**.

### 5.4 INDUSTRIAL FUNDING AND INVESTMENT

Recognising the need to continue with counter-cyclical policies in order to stimulate the economy, the Department worked with the IDC to support the development of new industries and businesses. In the year under review, the IDC approved R14,5 billion new funding and disbursed R11,4 billion to partner companies. This funding has created and saved more than 15 000 jobs. It is also attracting further private sector capital into industries such as green energy, tourism, agro-processing, automotive components, and steel.

The year also saw two significant agreements signed by the IDC: to co-finance construction of a new automobile plant in South Africa and to set up a joint investment fund with a R10 billion pledge by the China Construction Bank.

The EDD has supported projects facing challenges as well as unblocked and promoted major investments.

Examples of these activities that were undertaken during the year include:

- A local noodle factory that received grant funding to improve its competitiveness and now supplies Massmart
- A new film studio that was supported in Johannesburg





- Redrafting tender specifications in the Northern Cape to ensure they were aligned with local industrial capacity
- Supporting a fruit canning operation in the Western Cape to obtain electricity during power shortages so that it could fulfil export orders and save 2 000 jobs.

## 5.5 SOCIAL DIALOGUE

Over the past number of years, EDD has facilitated national social accords which have forged partnerships in education, skills, the green economy, local procurement and youth employment. These accords came from the recognition that true development cannot be the result of merely technocratic solutions, but must harness the energy of social partners in an active democracy.

During the past year, we have supported efforts to achieve the goals of these accords as well as foster social dialogue on areas of national concern.

## 5.6 ORGANISATIONAL CONTEXT AND OUTCOMES

The EDD has fulfilled the 2015/16 Annual Performance Plan's targets – exceeding them in many instances. For the EDD, emphasis has been on the real impact that we have had on people's lives. We have attempted, through the year, to become more of a problem-solving department than only generating policy-proposals.

One of the matters that will require more attention is the appropriate formulation of Annual Performance Plan (APP) targets. In the past, the APP's of the Department were simple and easily measurable, but not necessarily of value as a target that measures outcomes. For example, in the previous APP, a number of KPI's simply required a set number of meetings to be held.

In the current APP, we are pursuing a more outcome-based approach and spelling out the strategic goals of the activities.

The Auditor-General is concerned about measurability as well as the source information to be available.

Clearly, performance-auditing (as distinct from financial-auditing) is new and will require protocols to

be developed that balances effective target-setting with simplicity and measurability and the source information requirements should be well-defined so that the Executive Authority, AGSA, Parliament and the South African public can see the extent of performance.

As part of the EDD's commitment to efficiency, support for state institutions, and developing a smart management system, the EDD has drawn on partnerships with the University of Johannesburg, the University of the Witwatersrand and the IDC. We have also collaborated closely on projects with other departments, provincial governments, international universities and development organisations. This has allowed us to expand our access to technical expertise, support and research.

We are grateful for the support provided by other departments, agencies and partners.

## 5.7 CONCLUSION

The EDD achieved an unqualified audit in 2015/16, met and exceeded many of its Key Performance Indicators (KPIs). Our work has assisted to lay a foundation in building a more inclusive economy. However, given strong global headwinds, we must do more.

The work done in the period covered by this report was managed by Mr Kumaran Naidoo, who was the acting Director General. He passed away on 12 April 2016 and I wish to pay tribute to a person of integrity, a pillar of strength, and a fine example of what a public servant should be.

I wish to thank the Deputy Minister who led our work at provincial and municipal level as well as the employees of the IDC, the Competition Commission and Tribunal and ITAC as well as the work of Acting DG Simpson in compiling this Report, and the efforts of staff of the Department.

**Mr Ebrahim Patel, MP**  
Minister of Economic Development  
31 July 2016

## 6. DEPUTY MINISTER STATEMENT



**Mr. Madala Masuku**  
Deputy Minister of Economic Development

In 2015 South Africa managed to avoid the recession and achieved growth rate of 1.3% in the midst of serious global economic challenges. It is my firm belief that as a country we will turn the tide if all of us (government, private sector, labour and civil society) put our shoulders to the wheel and support the government's Nine Point Plan to reignite economic growth, and address blockages to employment and investment.

The 2014-2019 MTSF remains government's programme for the first five-year building block of the National Development Plan (NDP). Government's Nine Point Plan supports MTSF outcomes and is a set of interventions in key strategic areas that must be implemented at a scale sufficient to ignite economic growth.

The Nine Point Plan allows for the Economic Sectors Employment and Infrastructure Development (ESEID) Cluster to follow a coordinated approach through re-prioritisation to support increased economic growth and development in key economic sectors.

Our work for the past financial year involved engaging provinces around the Nine Point Plan to provide provinces with the necessary support to align and integrate the Plan into their key programmes. We are encouraged by the fact that vertical co-ordination of economic development has now gained traction and that, to an extent, its importance recognised by ESEID. Towards the end of the year the Cluster convened a workshop attended by the Cluster DGs and the provincial Heads of Departments for Economic Development, to ensure active involvement of all provinces in the implementation of the Nine Point Plan. Our work, in collaboration with the provinces of Limpopo, Mpumalanga and Free State, has moved beyond ensuring alignment of the provincial plans to national economic development goals and plans. We have worked on identifying provincial priorities including key value chains and sectors.

Other critical provincial work included discussion on integrated development funding for growth and job creation. A stakeholder working session with the Free State Department of Economic, Small Business Development, Tourism and Environmental Affairs, the Industrial Development Corporation (IDC), Small Enterprise Finance Agency (sefa) and the National Empowerment Fund (NEF) was held on the 29th of February 2016 in Bloemfontein.

This session exchanged views on the economic and industrial projects for possible support. It also provided a platform for the Development Finance Institutions (DFIs) to foster closer relations with the province and its people to be able to improve their footprints in the province.

The support provided by the Economic Development Department (EDD) to Mpumalanga Provincial Government Economic Cluster Departments in identifying priority projects and sectors that have a high impact on economic growth, poverty alleviation and job creation, has now been taken to municipal level. For example, EDD assisted with the planning and participation in the Nkangala District Municipality's Investment Summit and ensured that targeted projects for investment were clear in terms of their economic impact (job creation, growth and poverty alleviation) and alignment between municipal plans as well as the Revitalisation of the Mining Towns Programme.



I personally headed an intervention in a strike torn eMalahleni municipality that resulted in a decision to revive the local economic forums in response to the challenges of unemployment and low economic activities in those communities. Efforts are being made to address challenges faced by the youth. Commissions to address issues of good governance; SMMEs, cooperatives and community development and empowerment; economic sector growth; as well as infrastructure development and basic service delivery were set up to work on a continuous basis. The municipality is to now drive the processes assisted by both the province and the district municipality

Lessons learnt from eMalahleni Local Municipality were later used in the intervention in Ba-Phalaborwa municipality where the process resulted in the establishment of an all-inclusive Local Economic Development Forum and transparent procurement and supplier development by both FOSKOR and Phalaborwa Mining Company. The IDC invested in the rehabilitation of the smelting plant to increase capacity of the iron plant and other equipment and plant at the mining company.

In our engagement with provinces, we also included interaction with social partners and stakeholders. The indications are that the following still remain a big challenge:

- Access to funding for social enterprises
- There is a need to entrench social entrepreneurship as part of the curriculum in schools (primary and high school level)
- Skills development is key in building and sustaining social enterprises
- Community engagement is critical in establishing strong support and relations in driving social entrepreneurship and community buy-in; and
- Leadership and excellence were emphasised as fundamental attributes in building successful and impactful social enterprises.

Going forward, we will support re-prioritisation of key catalytic projects by provinces as well as addressing blockages to growth, employment and investment. This will be through a structured partnership endorsed at the political level that will result in a harmonious coordinated approach for a set of interventions to achieve increased economic growth and development in key economic sectors.

Our focus in support of the Youth and National Skills Accords was on the introduction of a process in collaboration with the Department of Higher Education and Training (DHET), towards the establishment of an ideal TVET College targeting Mpumalanga. During the reporting period, Ehlanzeni TVET College hosted the 1st Symposium on Nurturing Public Private Partnerships attended by delegates from the public and private sectors. This has resulted in a process of drafting MOU's with various companies starting with RCL foods. In the coming year we will continue to monitor this development.

We also worked in collaboration with other departments to unblock or facilitate locally initiated projects and programmes to help ensure their successful implementation. These include, for instance, working with the Department of Rural Development and Land Reform (DRDLR) to unblock challenges following their exit from the NARYSEC Youth Programme. EDD and DRDLR developed a proposal detailing initiatives to strengthen the programme. In Limpopo, two exhibitions were hosted by EDD in collaboration with the Department of Small Business Development (DSBD).

I would like to thank the Minister for his continued leadership and support afforded to me as well as to the Economic Development Department's entire family. Thanks indeed to the staff of EDD and agencies for the efforts you have put around these achievements in this past financial year.

Lastly I would like to pay homage to the late Acting Director General Mr Kumaran Naidoo, who passed on the 12 April 2016. He was critical in the delivery of the departmental annual performance plan. Through his leadership, the Department managed to exceed its targets for 2015/16 financial year and laid groundwork for the 2016/17 departmental annual performance plan. As a result, his work will always be treasured and we will remain indebted to him.

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**Mr Madala Masuku, MP**

Deputy Minister of Economic Development  
31 July 2016



## 7. REPORT OF THE ACCOUNTING OFFICER



**Mr. Malcolm Simpson**  
Accounting Officer

### 7.1 OVERVIEW OF DEPARTMENTAL PERFORMANCE

In the past year, the Economic Development Department (EDD) continued in fulfilling its core mandate in support of job creation, inclusive growth, industrialisation and social inclusion through policy development and facilitating major investments and unblocking. Support was provided to the alignment of

the state through integration and coordination between departments and spheres of government, as well as the provision of strategic direction on competition policy, trade administration matters and development finance institutions.

We are proud of the achievements that the Department has made. The Department has gone far toward its organisational development, and implementing key elements of economic and infrastructure development since its inception in 2009.

The EDD has consistently achieved unqualified audit opinions, achieved its annual targets and spent almost its entire annual allocated budget. In the past year, the EDD strengthened its institutional capacity, corporate governance, reviewed policies and streamlined administrative systems.

In this reporting period, the EDD spent 99,8% of its allocated budget, and met its performance targets from the 23 indicators included in the Annual Performance Plan (APP). The total planned targets for the year under review were 164 and these were fully achieved. An additional 68 targets were delivered to complement and support the achievement of the indicators.

The nature of the economy is dynamic, subject to shocks and forever changing. Whilst it is not always possible to plan specific quantitative and detailed projects upfront, it is possible to make broad allocations and agile plans that aptly respond to the dynamic and ever-changing economy.

#### Performance against indicators 2015/16

KPI	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	Total
Target	1	1	5	2	2	2	8	3	60	8	4	30	4	2	10	3	4	5	1	2	2	2	3	164
Achieved	1	1	5	10	3	4	9	4	72	22	8	30	4	8	16	3	6	8	2	2	4	3	7	232
Exceeded	0	0	0	8	1	2	1	1	12	14	4	0	0	6	6	0	2	3	1	0	2	1	4	68





## 7.2 ORGANISATIONAL DEVELOPMENT

Key to the success in delivering on the Department's objectives has been ensuring appropriate human resource allocation. A continuous assessment of the Human Resources complement is necessary for an organisation's service delivery. In this respect, the Department reviewed the cross-functional management model aimed at strengthening organisational capacity.

The Department's organisational structure had been approved by the Minister of Economic Development with the concurrence of the Minister of the Public Service and Administration in 2009 with core business branches having a total of 265 posts. The structure has been funded incrementally over the MTEF, reaching a total of 164 funded posts in FY2014/15. The EDD reduced the number of funded posts to 140 funded as at 31 March 2016. This was due to budget reprioritisation in the October 2015 Medium-Term Budget Policy Statement (MTBPS). During the year 116 of the 140 posts were filled with two additional posts contracted additional to the establishment. The EDD will continue to recruit appropriate specialist skills to fulfil its developmental mandate.

During 2015/16, the EDD drew on the strong expertise and research capabilities of the entities reporting to the Department. It will continue to work with Expert Advisory Panels and use Memoranda of Understanding (MOU) to attract specialist skills from other agencies and tertiary education institutions e.g. the Council for Scientific and Industrial Research (CSIR) and the University of the Witwatersrand.

In addition, the Department will continue to review its organisational structure and facilitate alignment between the approved structure and the reporting model. A draft has been finalised and the consultation process has commenced.

The EDD's governance structures met regularly to ensure compliance with legislative prescripts. MPAT scores continue to be monitored and there has been improvement in the average score from 2.28 in 2014/15 to 2.55 in this financial year. The EDD will continue to use this tool to improve scores in MPAT components.

## 7.3 DEVELOPMENT FINANCE INSTITUTIONS

### Industrial Development Corporation (IDC)

The IDC generates the bulk of the funding required for investment through internal profitability and borrowing funds. A portion of funding utilised for investment is funds managed on behalf of government departments such as the Economic Development Department (e.g. Agro-processing Competitiveness Scheme) and the Department of Trade and Industry (e.g. Manufacturing Competitiveness Enhancement Scheme, Clothing and Textiles Competitiveness Programme, etc).

In 2015/16, the IDC celebrated 75 years of existence with approvals of R14.5 billion. This brings IDC's total approvals over the past five years (2011/12 to 2015/16) to R67 billion. This five-year period of approvals was 54% higher than the R43 billion approved in the previous five-year period (2006/07 to 2010/11). R11.4 billion worth of funds were disbursed in 2015/16. More details are provided in the body of this report.

## 7.4 COMPETITION AUTHORITIES

The Competition Commission (CC) held various hearings related to the Private Healthcare Market Inquiry (HMI) and Liquid Petroleum Gas Inquiry (LPG) and is about to enter the final phase of each of these inquiries. It also launched the Grocery Retail Inquiry during 2015/16.



Below are a few highlights and examples of the work of the Competition Commission in this financial year:

Cases dealt with during 2015/16 include, inter alia:	Murray & Roberts paid a settlement of R64 million for collusive conduct in the construction industry.
	In the 'Bread Cartel', the Supreme Court of Appeal of South Africa upheld an appeal brought by Premier Foods and found that the Tribunal cannot issue a section 65 certificate against Premier, which would have enabled the victims of the bread cartel to institute civil claims against Premier Foods for loss or damages suffered as a result of cartel conduct. However, the CC lodged an application for leave to appeal to the Constitutional Court.
	The Competition Appeal Court (CAC) found that Sasol was not guilty of abuse of dominance by charging excessive prices for propylene and polypropylene from 2004 to 2007. The Constitutional Court refused the CC's application for leave to appeal.

The Competition Commission focussed on setting employment related merger conditions that led to firms committing to create 3 137 new jobs and to save 7 857 existing jobs. A total of 1 399 jobs were lost due to mergers during 2015/16. The net number of jobs created and saved was 9 595.

The Competition Tribunal decided on the largest number of mergers in one financial year since its inception in 1999. It cleared a total of 124 large mergers and imposed employment conditions on 19 of these mergers.

The Competition Tribunal further imposed fines of R338 million.

Cases decided on include :	Media 24 was found to have engaged in predatory pricing in the community newspaper market against a smaller rival. This is the first time such a finding was made in the history of the Competition Act.
	The Telkom/BCX transaction was conditionally approved by the Competition Tribunal.
	The merger between Pioneer Foods and Futurelife Health Products was approved subject to conditions to ensure that the joint venture is managed by Futurelife founder and Chief Executive Officer. Foods business who deal with competing products be prevented and that the investment in the Pro-Nutro brand is maintained for two years after the merger.
	The objections raised by the Ministers of Economic Development, and Telecommunications and Postal Services in the proposed Vodacom/Neotel merger resulted in Vodacom first offering a new deal to its competitors and later withdrawing the transaction and the attempted acquisition of Neotel.

Lastly, the EDD and the Competition Authorities successfully co-hosted the BRICS International Competition Conference on 12 and 13 November 2015 at the International Convention Centre (ICC) in Durban. The conference discussed, amongst others, the input provided by the Minister on public interest on competition policy and its implications for employment and competition for developing countries after mergers.

## **7.5 TRADE REGULATIONS**

The International Trade Administration Commission of South Africa (ITAC) amended a number of trade regulations and conducted a number of tariff investigations in the period under review. These were intended to promote economic development and improve regulation in the administration of import and export control. The EDD continued to do oversight of ITAC's work in relation to its implementation of the International Trade Administration (ITA) Act. During the year, ITAC undertook a number of investigations in relation to tariffs as well as trade remedies. These are reported in more detail later in this Annual Report.





## 7.6 EDD BUDGET

The EDD revenue collected in the 2015/16 financial year amounted to slightly over R50 million from dividends. The table below reflects the breakdown of the Departmental receipts.

### 7.6.1 Departmental receipts

Penalties collected by the Competition Commission are no longer reflected in the Annual Financial Statements of the EDD, which is in line with the reporting requirements of the Office of the Accountant General. In the 2015/16 financial year, the Commission collected R676.5 million in penalties, which were transferred to the National Revenue Fund via the EDD.

Dividends are received from the Industrial Development Corporation as part of investment earnings and transferred to the National Revenue Fund through the EDD.

#### Departmental receipts

Departmental receipts	2015/2016			2014/2015		
	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
Sale of goods and services other than capital assets	51	35	16	18	85	(67)
Interest, dividends and rent on land	50 049	50 278	(229)	50 250	50 237	13
Financial transactions in assets and liabilities	20	(17)	37	80	45	35
<b>Total</b>	<b>50 120</b>	<b>50 296</b>	<b>(176)</b>	<b>50 348</b>	<b>50 367</b>	<b>(19)</b>

### 7.6.2 Departmental expenditure per programme

The Departmental budget allocation for 2015/16 financial year was R885.8 million against which the expenditure was R883.7 million, - 99.8% of the budget was utilised.

Approximately 84% (R742 million) of the expenditure consisted of transfers to the Departmental agencies. The remaining funds were used for operational expenses. All EDD transfer payments are disbursed via Programme 3: Investment, Competition and Trade.

Under-spending for the Department amounts to R 2,045 million or 0.2% of the voted budget for the 2015/16 financial year. No requests for roll overs were made for the 2015/16 financial year. The table below reflects the Department's expenditure against the programmes. The EDD contributed R6.7 million as well as technical expertise towards Operation Phakisa on Mining.



### Programme expenditure 2015/16

Programme Name	2015/2016			2014/2015		
	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
Administration	83 223	83 144	79	88 076	87 419	657
Growth Path and Social Dialogue	27 889	26 705	1 184	22 284	22 041	243
Investment, Competition and Trade	774 666	773 884	782	586 500	585 452	1 048
<b>Total</b>	<b>885 778</b>	<b>883 733</b>	<b>2 045</b>	<b>696 860</b>	<b>694 912</b>	<b>1 948</b>

#### 7.6.3 Virements

New transfers amounting to R8 million to entities were approved by the National Treasury to support additional costs to the Competition Commission's Private Healthcare Inquiry. All entities that received transfer payments complied with section 38 of the Public Finance Management Act (PFMA).

#### Virements 2015/16

Virements from programmes	Virements to programmes	Virements amounts (R'000)	Reason
Administration	Investment, Competition and Trade.	4 000	Assistance with the implementation of the scrap metal intervention by ITAC
Investment, Competition and Trade	Investment, Competition and Trade	5 000	Funding transferred to IDC for PICC support
Investment, Competition and Trade	Investment, Competition and Trade	8 000	Funds shifted to assist the Competition Commission with additional Private Health Inquiry costs.
<b>Total</b>		<b>17,000</b>	

\*Transfers undertaken during adjustment budgets

#### 7.6.4 Unauthorised, fruitless and wasteful expenditure

The EDD had no unauthorised, fruitless and wasteful expenditure for the 2015/16 financial year. All supply chain management processes and systems are in place to prevent irregular expenditure.

#### 7.6.5 Gifts and donations

Gifts and donations received in kind:

Organisation	Gifts or donation
China Construction Bank (CCB)	Flask and mugs
Employers Mutual Protection Service (EMPS)	Note pad and pen
Price Water House Coopers (PWC)	7 diaries and 6 calendars
Konica Minolta South Africa	5 calendars
Travel With Flair (PTY) LTD	100 calendars



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

No exemptions were requested and/or approved for the Department in terms of the Public Finance Management Act (PFMA) and Treasury Regulations.

### 7.6.7 Events after the reporting date

No events took place after the reporting date of 31 March 2016 that would impact on the financial position of the EDD.

## 7.7 FUTURE PLANS

The EDD will focus on filling the remaining managerial, and specialist positions as a priority and filling executive level posts.

## 7.8 CONCLUSION

The Minister, Deputy Minister, entities reporting to the Ministry, Strategic Integrated Projects (SIPs) coordinators, Cluster members and all the staff of the EDD are acknowledged for their continuous and dedicated commitment and collaboration.

Lastly, I must take this opportunity to also thank my predecessor, the late acting Director-General, Mr Kumaran Naidoo, for having played a crucial role in leading the Department this past year and setting up systems that will continue to strengthen the Department.

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**Mr Malcolm Simpson**  
Accounting Officer  
31 July 2016



## 8. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

All information and amounts disclosed throughout the Annual Report are consistent.

The Annual Report is complete, accurate and is free from any omissions.

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

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

The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgments made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the Performance Information, the Human Resources Information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the Performance Information, the Human Resources Information and the financial affairs of the Department for the financial year ended 31 March 2016.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M Simpson', written over a horizontal dashed line.

**Mr Malcolm Simpson**  
Accounting Officer  
31 July 2016



## 9. STRATEGIC OVERVIEW

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### 9.1 VISION

Creating decent work for all through meaningful economic transformation and inclusive growth.

### 9.2 MISSION

The Economic Development Department (EDD) aims to:

- Co-ordinate the contributions of government departments, state entities and civil society to effect economic development
- Improve alignment between economic policies, plans of the state, its agencies, government's political and economic objectives and mandate; and
- Promote government's goal of advancing economic development via the creation of decent work opportunities.

### 9.3 VALUES

The EDD promotes the Constitution, with special reference to the chapters on human rights, cooperative governance and public administration, including these key basic values and principles governing public administration as set out in section 195(1).

EDD upholds the following values:

- Promotion of decent work for all citizens (opportunity to work and quality of employment)
- Social partnership and dialogue
- Equity and development and
- Sustainability (environment, social and economic).



## 10. LEGISLATIVE AND OTHER MANDATES

The EDD was established in 2009 when the state conducted a macro-reorganisation of state institutions under Schedule 1 of the Public Service Act of 1994 (as amended by the Public Service Amendment Act 30 of 2007). It acts in accordance with the following legislations, government policies and strategies, and social accords.

The EDD administers the following legislation:

- The Industrial Development Corporation Act, 1940, (Act No. 22 of 1940)
- The Competition Act, 1998, (Act No. 89 of 1998)
- The Competition Amendment Act, 2009, promulgated 1 April 2013 (Act No. 1 of 2009)
- The International Trade Administration Act, 2002, (Act No. 71 of 2002)
- From 2014, the EDD also had responsibilities under the Infrastructure Development Act No. 23 of 2014.

The following policy frameworks guide the Annual Performance Plan of the Department:

- State of the Nation Address
- National Development Plan
- New Growth Path
- National Infrastructure Plan
- Industrial Policy Action Plan
- Agriculture Policy Action Plan
- Medium-Term Strategic Framework 2014 - 2019
- Delivery Agreement on Outcome 4: Decent employment through inclusive economic growth
- Delivery Agreement on Outcome 5: Skilled and capable workforce to support inclusive growth

- Delivery Agreement on Outcome 6: Efficient, competitive and responsive infrastructure
- Delivery Agreement on Outcome 7: Vibrant, equitable, sustainable rural communities, and
- Framework for South Africa's Response to the International Economic Crisis (2010).

Accords that the Department facilitated and monitors:

- Basic Education Accord
- National Skills Accord
- Local Procurement Accord
- Green Economy Accord
- October 2012 Social Accord, and
- Youth Employment Accord.

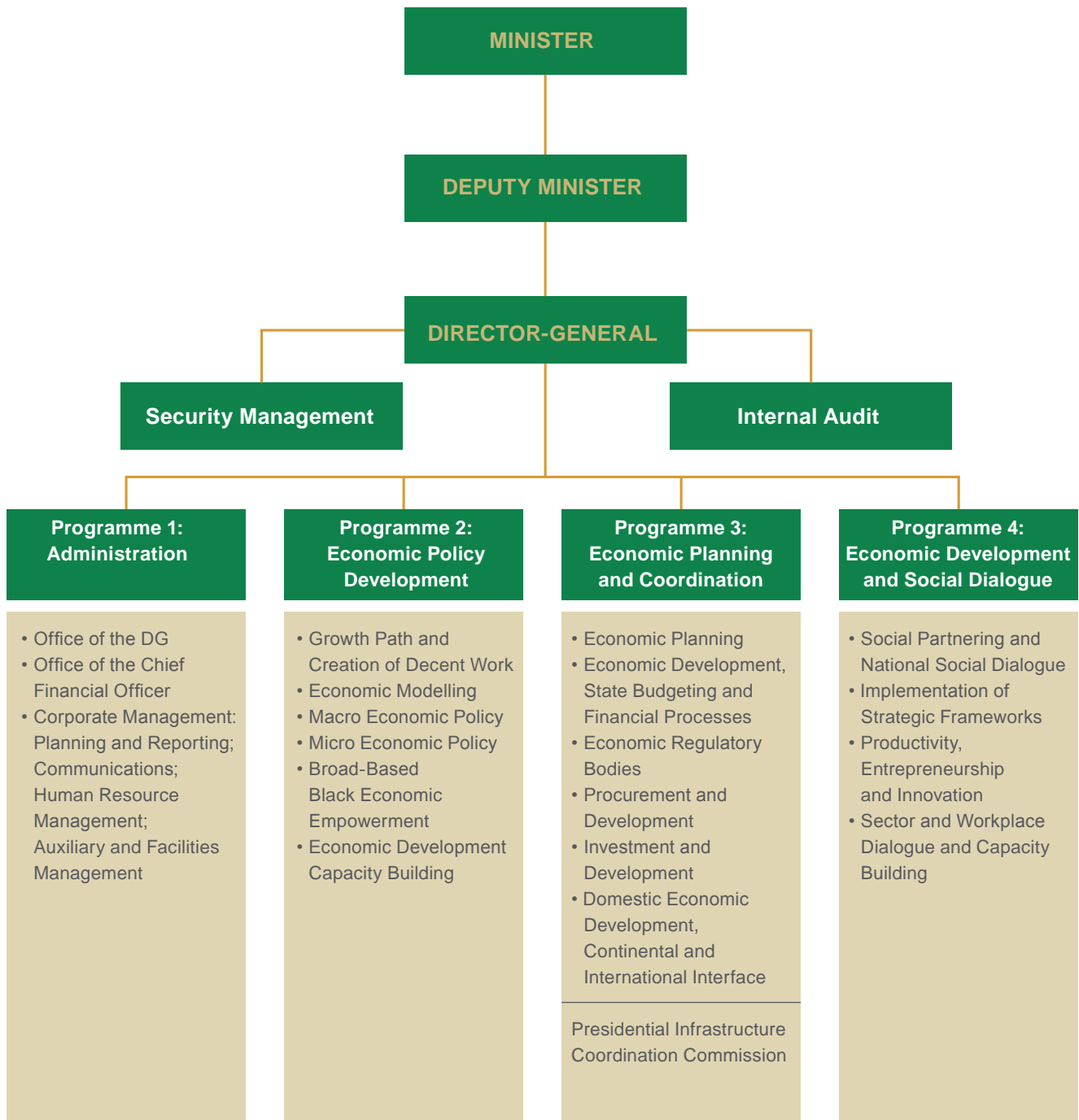
The EDD participates in, supports or convenes the following coordinating structures:

- The EDD coordinates, integrates and provides technical support, monitoring and evaluation functions, secretariat services and inter-governmental coordination to the PICC
- The EDD, together with **the dti**, convenes the MinMec/Technical MinMec with provincial Members of the Executive Council (MECs) and economic development departments
- The EDD supports **the dti** in its convening of the Outcome 4, Technical Implementation Forum
- The EDD is a member of the Economic Sectors, Employment and Infrastructure Development Cluster.





# 11. ORGANISATIONAL STRUCTURE



The reporting within the Department is managed through the budget structure which has three programmes. The above is the approved 2009 organisational structure. The 2015/16 Annual Performance Plan was designed according to the budget structure, therefore, the EDD is reporting against the approved APP budget structure. Configuration of the budget structure is as follows:

- **Programme 1 : Administration**
- **Programme 2 : Growth Path and Social Dialogue**
- **Programme 3 : Investment, Competition and Trade**

## 12. ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that reported to the Minister in the 2015/16 financial year.

Name of entity	Legislative mandate	Financial relationship	Nature of operations
The Competition Commission	The Competition Act, 1998 (Act No. 89 of 1998)	The Department transfers money to the entity for it to be able to fulfil its mandate	The Competition Commission is the investigative and enforcement arm of the Competition Act and investigates mergers and / or anti-competitive conduct and refers its findings to the Competition Tribunal for a decision
The Competition Tribunal	The Competition Act, 1998 (Act No. 89 of 1998)	The Department transfers money to the entity for it to be able to fulfil its mandate	The Competition Tribunal adjudicates on mergers and prohibited practice cases. Prohibited practice cases involve anti-competitive outcomes achieved either through co-ordinated conduct between competing firms or through unilateral conduct by a dominant firm
The International Trade Administration Commission of South Africa (ITAC)	The International Trade Administration Act, 2002 (Act No. 71 of 2002), save for item 2 of Schedule 2 of this Act read with section 4(2) of the Board of Tariffs and Trade Act (Act No. 107 of 1986), is administered by the Minister of Trade and Industry	The Department transfers money to the entity for it to be able to fulfil its mandate	ITAC aims to create fair trade conditions that will boost South Africa's economic development and growth
Industrial Development Corporation (IDC)	The Industrial Development Corporation Act, 1940, (Act No. 22 of 1940). IDC's objective is to lead industrial capacity development with the primary outcome to create direct and indirect employment opportunities	<p>IDC generates the bulk of the funding required for investment through internal profitability and borrowing funds.</p> <p>It manages some funds on behalf of the EDD (e.g. Agro-processing Competitiveness Scheme) and <b>the dti</b> (e.g. Manufacturing Competitiveness Enhancement Scheme, Clothing and Textiles Competitiveness Programme, etc.)</p>	IDC's main activities focus on the provision of industrial financing to support sustainable industrialisation, job creation and empowerment. It develops projects in priority industries, provides non-financial support of businesses, manages funds on behalf of government, undertakes economic research and provides support and capacity to government



## 12.1 HIGHLIGHTS OF AGENCY PERFORMANCE IN 2015/16

### Competition Commission

The EDD provides strategic direction to the competition authorities' efforts to break up cartels and guide competition and merger cases to encourage job creation and development. Through the year under review, the EDD's engagements with the Competition Commission and Competition Tribunal, and the work of the competition authorities have resulted in significant advances in relation to economic development. Highlights are briefly set out below.

### Public interest issues

South Africa's Competition Act provides that, in the case of a merger, the competition authorities have to evaluate both the impact of a proposed merger on competition as well as its social impacts. Social impacts include the impact of a proposed merger on employment, the region or industry, SMMEs and B-BBEE. Where the competition authorities find there will be negative social impacts, they may take a number of actions, including prohibiting the merger; or imposing conditions to remedy the impact. For example, the competition authorities may set a condition that the merged entity may not retrench for three years, following the merger.

In the 2015/16 financial year, the Competition Commission imposed employment related merger conditions resulted in the saving of 7 857 existing jobs and the creation of 3 137 new jobs. However, 1 399 jobs were lost in mergers reviewed during this period. The new impact on jobs as a result of the Commissions interventions in mergers was thus a positive net effect of 6 458.

### Abuse of dominance

The Competition Act does not prohibit a firm from holding a dominant position. However, the Act does prohibit a firm from abusing its dominant position in a market. Such behaviour may include excessive pricing, denying competitors access to an essential facility, unjustifiably charging customers different prices for goods or services or other exclusionary acts.

Media 24 had created a brand, named 'Forum', to drive a competitor out of the market of community

newspapers. The Competition Commission challenged Media 24's abuse of its dominant position and its predatory pricing practices. The Competition Tribunal found that Media 24 had engaged in predatory pricing by significantly lowering its advertising prices which resulted in reduced competition in the market and the exclusion of a competitor. In addition, advertisers had fewer lost the choice of an alternative newspaper.

### Market inquiries

#### Conclusion of the Private Healthcare and Liquid Petroleum Gas Market Inquiries and launch of the Grocery Retail Inquiry

The Minister of Economic Development introduced changes to the Competition Act, (which were promulgated in April 2013), relating to the introduction of market inquiries. These changes allow the Commission to undertake "a formal inquiry in respect of the general state of competition in a market for particular goods or services, without necessarily referring to the conduct or activities of any particular firm." (Chapter 4A, 43A)

The Commission is in the process of conducting three market inquiries – having finalised the banking inquiry. The Commission initiated a market inquiry into the Liquid Petroleum Gas (LPG) sector in September 2014, because it believed there were features that were preventing, distorting or restricting competition. It is currently in the final phase of its inquiry in concluding industry stakeholder consultations on its preliminary findings. Findings at this stage include the views that structural impediments to competition may hinder the growth of the LPG industry and that bottlenecks in the regulatory environment restrict the ability of potential competitors to enter and/or expand. The final report is due towards the end of the 2016/17 financial year and will make recommendations to address the challenges in this important energy market.

On 31 May 2014, the Commission established an inquiry into the healthcare sector, publishing a statement of issues and administrative guidelines for public comment, in order to 'implement measures to increase market transparency' and to 'advise and receive advice from any regulatory authority' (Section 21 of the Competition [Amendment] Act). The Commission initiated an inquiry into the healthcare sector as it had reason to believe that there are features that prevent, distort or restrict competition.



The Commission is about to enter the final phase of the Health Market Inquiry. By the end of the 2015/16 financial year the Health Market Inquiry had received data from some 144 stakeholders and held in excess of 100 separate stakeholder engagements. The first rounds of public hearings were held in Pretoria and Cape Town in February and March 2016, with representations from various stakeholders, including the Minister of Health, Dr Aaron Motsoaledi, the World Health Organisation (WHO) and other civil society groupings. Initial information suggests that South Africa's private healthcare expenditure is comparatively high and that private healthcare inflation is higher than general inflation. The Commission will complete the public hearings consultations across the country, and is expected to conclude the inquiry by the revised date of 15 December 2016.

Lastly, the Commission initiated a market inquiry into the retail grocery sector on 27 November 2015. The Grocery Retail Market Inquiry will explore several market dynamics, including:

- The impact of the expansion, diversification and consolidation of national supermarket chains on small and independent retailers
- The impact of long term exclusive leases on competition in the sector
- The dynamics of competition between local and foreign owned small and independent retailers
- The impact of regulations on small and independent retailers
- The impact of buyer groups on small and independent retailers, and
- The impact of certain identified value chains on the operations of small and independent retailers.

The terms of reference cover important market features which have an impact on South African small business and consumers, particularly the poor.

#### **BRICS International Competition Conference**

The EDD and Competition Commission co-hosted the BRICS International Competition Conference, on 12 and 13 November 2015 at the International Convention Centre (ICC) in Durban. Themed "Competition and Inclusive Growth", it was the first major conference that globally placed employment at the heart of competition policy. It showcased the South African Competition Act.

The Ministry provided a policy framework for public interest in competition policy, drawing on local examples. It set out the argument for competition policies that are grounded in realities of developing countries, moving away from simply applying policy frameworks that emerged in Europe and United States. This led to a discussion on the specific challenges faced in the global south. The forum brought together 508 delegates from competition agencies, practitioners and stakeholders from BRICS and other African Countries, as well as bilateral engagements with competition practitioners and experts and delegates from the European Union (EU) and United States of America (USA).

#### **AFGRI**

The EDD had made submissions to the Competition Commission / Tribunal on public interest in the merger between AgriGroupe Holdings (Pty) Ltd and AFGRI Ltd in 2014. As a result of the EDDs submissions and engagement with the parties an agreement was reached and proposed to the Competition Commission, and subsequently made an order by the Competition Tribunal.

The EDD's engagement resulted in an agreement that boosted development funding for agriculture and emerging farmer development as well as lowered the cost of storage facilities for emerging farmers. The specific provisions set up a R60 million emerging farmer development program, set aside an additional R30 million on other development projects, established a R120 million loan facility at the Land Bank for farmers and lastly, provided for a 40% storage discount for emerging farmers storing less than 10 tons. A final commitment made by AFGRI was that no retrenchments would be undertaken by the newly merged entity as a result of the merger.

The EDD has monitored the implementation of these imposed conditions post the merger, together with **the dti**, the Department of Agriculture, Forestry and Fisheries (DAFF) and the Department of Rural Development and Land Affairs (DRDLR). Since the merger had been granted two years ago, this monitoring has been done through an Advisory Board together with representatives of the company. The EDD has also met with emerging farmers, done its own independent research and undertaken site visits to gather further information and deepen its analysis.



Key results achieved thus far include R28 million of the R60 million of the farmer development programme being spent training 98 farming entities from Danhouse, Hammanskraal, Krugersdorp, Mamelodi, Marble Hall, Maubane and Rust-de-Winter. Around 254 members benefitted from this training. In addition, 255 micro farming entities (that is farming less than 100 hectares) were supported.

R10.4 million of the R30 million for projects was spent on projects including 13 educational centres, eight poverty alleviation projects, water and food security at eight schools and nine employee community initiatives.

Eleven farming entities have taken up the Land Bank facilities to the value of R29.6 million. Lastly, storage discounts of R42 000 have been used.

### **Competition Tribunal**

During the past financial year, the Competition Tribunal issued orders for 124 large mergers, an increase of 27% from 98 in 2014/2015. This is the highest number of large mergers decided by the Tribunal in one financial year since its inception in 1999. The Competition Tribunal also issued orders for nine intermediate mergers – more than double that of four in 2014/15. Employment conditions were imposed in 19 of these mergers. Below are three examples of mergers that the Competition Tribunal dealt with.

#### **Pioneer Foods/ Futurelife Health Products**

The Tribunal heard evidence in the merger between Pioneer Foods and Futurelife Health Products over a period of six days in October 2015. The Commission had recommended an unconditional approval of the merger. However, the Tribunal, after allowing Pioneer's main competitor, Kellogg South Africa, to intervene in the proceedings, approved the transaction subject to conditions.

The key issues raised during the hearing were the competitive relationship between Pioneer Foods' ProNutro products and Futurelife's nutrient-dense health food product, and whether these products were part of a broader breakfast food/functional market or a narrow ready-to-eat porridge market.

The conditions, which all the parties had agreed to, will ensure that:

- The joint venture will be managed and run on daily basis by Futurelife founder and CEO, Paul Saad; The flow of information from the joint venture to employees in Pioneer Foods business dealing with competing products will be prevented, and
- Investment in the ProNutro brand will be maintained at its current levels for two years after the merger.

### **Telkom/Business Connection**

In August 2015, the Competition Tribunal heard argument in relation to the proposed merger between Telkom and BCX. The proposed transaction involved Telkom acquiring the entire issued share capital of BCX (a publicly-listed company). Once acquired, BCX would delist from the Johannesburg Stock Exchange (JSE) and become a Telkom subsidiary. The Competition Commission had conditionally approved this large merger with conditions.

At the Competition Tribunal proceedings, additional concerns were raised by a competitor to the merging parties as well as concerns related to the adequacy of the conditions proposed by the Competition Commission. During the course of the Tribunal hearing the parties were able to submit a set of revised conditions to which all parties agreed. The Tribunal considered these conditions and approved the merger on such basis.

Examples of concerns and revised conditions include:

- The competitor alleged that they were unable to obtain service level agreements (SLA) from Telkom Wholesale and were thus forced to purchase from Telkom Retail in order to get an SLA
- There was a concern that the post-merger entity could subsidise its retail business by charging lower prices in retail while raising prices in the upstream market for wholesale fixed leased lines





- Conditions to address the concerns include:
  - To the extent that Telkom Wholesale supplies any SLA on common components to Telkom retail, it will offer a SLA on common components to other OLO's on a non-discriminatory basis
- A transfer pricing programme to ensure that Telkom Wholesale will:
  - Price network services for common components on a non-discriminatory basis to both OLOs and Telkom Retail
  - Price non-common components to OLOs at no more than cost plus a reasonable return
  - Price non-common components to Telkom retail at no less than cost plus a reasonable return.

The effect of the Tribunal's conditions is that Telkom charges its own downstream operations the same prices that it charges its competitors in the downstream – thus maintaining fair competition. In addition, the Tribunal also imposed public interest conditions – limiting the number of jobs to be lost to a maximum 60 jobs overall. These job losses are further limited to a maximum of 20 employees per year in each of the three years.

#### **Vodacom/Neotel merger**

Vodacom (the dominant cellphone company in South Africa) sought to buy Neotel in order to obtain control of its spectrum that is used to carry cellphone and email traffic and to acquire its landlines for telephone services. The Competition Commission recommended that the transaction be approved, subject to a two-year delay in the use of the spectrum.

The Minister of the Economic Development commissioned a study by an independent expert on the implications of the deal. Access to Neotel's spectrum would, in the opinion of the Minister's experts, have entrenched Vodacom's dominance in the market and given it an insurmountable advantage against competitors.

It would have limited opportunities for new entrants in the market. This could have a harmful effect on consumers and businesses. Together with the Minister of Telecommunications and Postal Services, the EDD objected and requested that the spectrum either be available on fair terms to all competitors or be returned

to ICASA. Other objections were forwarded by virtually the whole industry, including MTN, Cell C and Telkom.

The objections resulted in the company first offering a new deal to its competitors and later withdrawing the transaction and the attempted acquisition of Neotel.

#### **Fines**

The Tribunal imposed fines of R338 million in the course of the year on 20 firms. The bulk of these fines (R337 million) were imposed on 19 firms for collusion. A remaining amount of R750 000 was imposed on one firm for failing to comply with merger notification procedures.

#### **The International Trade Administration Commission of South Africa (ITAC)**

ITAC's aim "is to foster economic growth and development in order to raise incomes and promote investment and employment in South Africa and within the Common Customs Union Area by establishing an efficient and effective system for the administration of international trade subject to this Act and the Southern African Customs Union (SACU) Agreement" (International Trade Administration Act, 2002, Act No. 71 of 2002). ITAC comprises three core business units, namely Tariff Investigations, Trade Remedy Investigations, and Import and Export Control.

#### **Tariff investigations**

As enunciated in the New Growth Path and the Trade Policy and Strategic Framework, the Commission follows a developmental or strategic approach to tariff setting with the objective of promoting domestic manufacturing activity, employment retention and creation, and international competitiveness.

An increase in customs duties is considered, on a case-by-case basis, to support domestic producers, particularly those that are important from an employment or value-addition perspective, that are experiencing threatening import competition.

On a case-by-case basis, tariffs for mature resource-based capital-intensive upstream industries are selectively reviewed and in some cases reduced or removed in the interest of lowering input costs into labour-intensive employment creating downstream activities.





Over the past year, the steel industry across the world has experienced an oversupply of steel and a decrease in demand from China. This has placed steel producers across the world under pressure – including producers in South Africa. One of remedies government was able to use was raised tariffs on steel – during the year under review ITAC recommended raising tariffs on the following products:

ITAC recommended changes in steel tariffs in 2015/16

	Product	Change in tariff
1	Galvanised/coated and painted flat steel	From free to duty to 10% <i>ad valorem</i>
2	Certain large bore steel pipes	From free of duty to 10% to 15% <i>ad valorem</i>
3	Wire rod and re-enforcing bar (rebar)	From free of duty to 10% <i>ad valorem</i>
4	Structural steel	From free of duty to 10% <i>ad valorem</i> (suspended until the local industry starts manufacturing the product)
5	Semi-finished steel, cold rolled steel, steel sections, steel plates	From free of duty to 10% <i>ad valorem</i>
6	Aluminium rolled products	Application for an increase was rejected

#### Source: ITAC

The majority of tariff applications for the steel industry were processed in under four months to assist the sector in distress. Other applications for tariff changes are captured in the table below. Applications are assessed on a case-by-case basis. As is evident below, cases may result in an increase or decrease in the tariff – as necessitated by industrial policy considerations and the facts of each case.

#### Changes in non-steel tariffs

	Product	Change in tariff
1	Polyurethane pre-polymer	From free of duty to 10% <i>ad valorem</i>
2	Adhesive bandages	From free of duty to 10% <i>ad valorem</i>
3	Sugar	From 304.0c/kg to 245c/kg using the variable tariff formula
4	Mussels in airtight metal containers	Reduction from 25% to free
5	Lithium batteries	Reduction from 10% to free
6	Polish	No change – the application to reduce tariff was rejected

#### Source: ITAC

In addition, a number of rebate of duty provisions have been recommended and implemented over the past year, to reduce the cost of production for local manufacturing firms and increase their international competitiveness. Rebates recommended by ITAC during the year include:

- Bare panels for the manufacture of raised access flooring systems
- Certain components excluding populated or mounted circuit boards used to manufacture electricity meters
- Knitted pile polyester fabrics used to manufacture furniture
- Amending wording of rebate for fabric used in the manufacture of upholstered furniture to support local industry
- Acrylic sheet for plastic sanitary ware
- Woven fabric for school shirts.

The rebate for components used to manufacture television sets was withdrawn.

The application for a rebate provision on bangles used for the manufacturing of jewellery was rejected by the Commission.

Following a review, the Commission decided to maintain the semi-knocked down rebate provision for the assembly of monitors.

### **Case studies**

1. Fabrics for upholstered furniture (amendment): The Textile Federation of South Africa (Texfed) applied for an amendment of wording of qualifying fabrics for manufacturing upholstered furniture. The rebate provides for a rebate of the full duty on certain fabrics to enable furniture manufacturers to import intermediate inputs that are not locally manufactured. ITAC found that the local textile sector produces a range of fabrics that meet the current rebate provisions. ITAC amended the wording of qualifying to support the local fabric manufacturers.
2. Creation of a rebate facility for panels used to manufacture raised access flooring systems after evaluating an application by Pentalfloor Access Flooring (Pty) Ltd. During its investigation, ITAC found no local manufacturers of the panels in the SACU region. It recommended a rebate facility be created for steel panels with an inner core of Portland cement as the current duty has an unnecessary cost raising impact and duty would improve the applicant's competitive position in the face of stiff competition from firms importing the complete flooring system.
3. Reduction in the customs duty on sugar in terms of the existing variable tariff formula: The 20-day moving average of the London No.5 settlement price on sugar triggered a tariff adjustment when sugar prices reached US\$391.70/ton on 9 November 2015. In terms of the variable tariff formula for sugar, conditions for a downward adjustment in the tariff were met and the South African Sugar Association (SASA) as well as Cargill Sugar RSA (Pty) Ltd forwarded letters of confirmation. ITAC recommended reducing the rate of customs duty on sugar from 304.0c/kg to 245c/kg.
4. Temporary rebate of the full anti-dumping duty of bone-in cuts of frozen imported chicken from or originating in the United States of America (USA). The Minister of Economic Development directed ITAC to investigate the creation of a rebate provision of full anti-dumping duty on bone-in cuts of frozen imported chicken pieces from or originating in the USA.



## Trade remedies

Dumping occurs where companies export their goods to foreign markets at lower prices (export prices) than they charge for the same products in their country (normal value). When this dumping causes material injury it is regarded as unfair and countries are entitled to act in terms of the World Trade Organisation (WTO) rules. anti-dumping investigations are conducted within domestic law and are consistent with the WTO anti-dumping Agreement. The remedy aims to level the playing field between domestic producers and foreign competition.

ITAC completed an anti-dumping investigation into the alleged dumping of cement from Pakistan and imposed the following anti-dumping duties:

Tariff code subheading	Manufacturer	Amount of anti-dumping duties (%)
2523.29	Lucky Cement Limited	14.29
	Bestway Cement Limited	77.15
	D.G Khan Cement Limited	68.87
	Attock Pakistan Cement Limited	63.53
	All other exporters (excluding the above )	62.69

ITAC also completed an investigation into the alleged dumping of wheelbarrows from China and imposed the following anti-dumping duties:

Tariff code subheading	Manufacturer	Amount of anti-dumping duties (%)
8716.80.10	China: Manufactured by Qingdao Youhe Handtruck Co. Ltd	32.32
	China: Manufactured by Qingdao Wantai Special Handtruck Co. Ltd	39.92
	China (Excluding the above and manufactured by Qingdao Yongyi Metal Products Co. Ltd)	29.82

The safeguard measure is meant to protect a domestic industry against overwhelming and unforeseen competition from imports. Measures can be introduced against an unforeseen surge in imports that threatens to or causes serious injury to the domestic industry. Safeguard measures are temporary to allow the domestic industry time to adjust and improve its competitiveness.

After receiving and considering a letter lodged by the South African Poultry Association (SAPA), the Minister of Trade and Industry requested the Minister of Economic Development to instruct ITAC to investigate and evaluate an application by SAPA for agricultural safeguard action in terms of Article 16 of the Trade Development and Co-operation Agreement (TDCA). The product to be investigated and evaluated is frozen chicken portions – specifically whether there was a surge in imports from the European Union (EU), whether that surge was unforeseen and whether it was

threatening to or causing serious injury. The Minister of Economic Development applied his mind and instructed ITAC to investigate and evaluate the application by SAPA for the agricultural safeguard under Article 16 of the TDCA. ITAC initiated the investigation on receipt of the application and the investigation is on-going.

ITAC initiated the first safeguard investigation in terms of Article 16 of the Agreement on Trade, Development and Co-operation between the European Community and its member states and the Republic of South Africa (the TDCA) on frozen chicken portions. The Minister of Economic Development instructed the International Trade Administration Commission of South Africa (the Commission) to investigate and evaluate an application by the South African Poultry Association (SAPA) for the imposition of safeguard measures in terms of Article 16 of the TDCA. Prior to the submission of an application with ITAC, the industry concerned lodged a request with the Minister of Trade and Industry to

invoke the remedies under Article 16 of the TDCA. After consideration, the Minister of Trade and Industry requested the Minister of Economic Development to instruct the Commission, in terms of Section 16(d)(i) of the International Trade Administration Act, 2002 (Act 71 of 2002) (ITA Act) to investigate and evaluate an application for agricultural safeguard action in terms of Article 16 of the TDCA. The investigation is on-going.

A safeguard investigation on hot rolled steel was also initiated after an application was received from the South African Iron and Steel Institute (SAISI). This investigation is on-going.

### **Export control**

The Commission also published proposed amendments to the current guidelines to further strengthen the administration of the Preferential Price System (PPS), for public comment, on 6 December 2015.

Out of over seven thousand tariff lines in the South African version of the international Harmonised Commodity Description and Coding System, 121 tariff heading numbers subject to import control measures and 133 tariff heading numbers as listed in the export Regulations. These import and export control measures aim to enforce health, environmental, safety and security, and technical standards. A range of measures also aim to promote the domestic industry's manufacturing and value addition while preventing the erosion of the domestic industry thereby protecting jobs. Import control therefore plays an important role in curbing illegal and fraudulent imports, as well as limiting imports of second-hand goods. Export control supports initiatives such as mineral beneficiation.

During the 2015/16 year under review, ITAC issued 17 188 import permits and 14 657 export permits. The majority of the import permits issued by ITAC (3 246 permits) were for importing capital goods – that is machinery, mechanical appliances and equipment. Permits were also issued for items such as fish and fish products, tyres, arms and ammunition and mineral fuels to provide a few more examples of items subject to import control measures.

The majority of export permits (6 181) issued by ITAC were for the exportation of used cars. Permits were also issued for ferrous and non-ferrous scrap, chemicals, and mineral fuels.

Enforcement is a critical component of the Import and Export Control Unit's activities. The Unit works to detect contraventions of the ITA Act as well as the import and export control regulations. It also monitors compliance with the conditions and terms in import, export and rebate permits. During the year, the EDD enhanced ITAC's capacity to enforce the PPS by providing additional resources to hire four additional inspectors.

During the 2015/16 year, ITAC conducted 853 scheduled inspections, 551 unscheduled inspections and 16 investigations. The key industry sectors inspected included the scrap metal export sector, clothing and textiles, used automotive parts and pneumatic tyres.

### **SA Metal Group vs ITAC & the EDD**

On 10 May 2013, the Minister had published a policy directive on the export of ferrous and non-ferrous waste and scrap metals. The directive provided that ferrous and non-ferrous waste and scrap metal had to first be offered to domestic users of scrap at a discounted price, before it was allowed to be exported. On 2 August 2013, ITAC published export control guidelines to give effect to the Minister's Directive and amended them on 12 September 2014.

SA Metal Group (Pty) Ltd, one of the largest scrap dealers in South Africa, was refused export permits to export scrap metal from South Africa by ITAC. As a result it brought a court application to have the decision set aside and substituted with a decision that granted it export permits. In 2015, the Minister of Economic Development opposed the application and successfully defended the price preference system in the Western Cape High Court in the court action brought by the SA Metal Group.

### **The Industrial Development Corporation**

In 2015/16, the IDC celebrated 75 years of existence with its highest level of funding approvals - R14.5 billion approved. Unlike previous years where IDC was able to achieve such high levels of funding, this was not done on the back of any new projects related to the renewable energy programme. This brings the IDC's total approvals over the past five years (2011/12 to 2015/16) to R67 billion, 54% higher than the R43 billion approved in the previous five-year period (2006/07 to 2010/11). R11.4 billion worth of funds were disbursed in 2015/16.



This funding is expected to create and save approximately 15 700 jobs. In addition, it will support more than 50 black industrialists with R3.3 billion in funding. R1.1 billion will benefit women entrepreneurs (up from R0.8 billion in 2014/15) and R970 million is targeted at businesses with at least 25% youth ownership (up from R159 million in 2014/15).

Sixty-four percent of funding will directly be invested in the manufacturing industry, with 17% and 16% invested in the mining and infrastructure and services, respectively. The remaining 3% is invested in primary agriculture.

IDC has developed measures to support companies in distress due to the current economic conditions,

including the downturn in commodity prices and the drought. These measures will enable businesses to restructure existing facilities with the IDC, upgrade plant and equipment and expand operations – ultimately resulting in a more robust and competitive economy that is able to sustain and create jobs.

Over the three-year period, starting from 2015/16, the IDC is targeting to create and save 68 000 jobs, fund an additional R11.4 billion for black industrialists, and approve funding of R2.7 billion to women and youth entrepreneurs. These targets are subject to annual approvals or revision by the Minister of Economic Development.

#### IDC financial performance for 2015/16

Financial year	Funding approvals (R'm)						Funding disbursements (R'm)
	Total	Black industrialists	Black owned <sup>1</sup>	Black empowered <sup>2</sup>	Women empowered <sup>3</sup>	Youth empowered <sup>4</sup>	
2011/12	13 485	-	2 732	5 596	369	58	8 385
2012/13	13 074	-	2 509	5 633	272	40	16 023
2013/14	13 835	-	984	5 196	325	105	11 171
2014/15	11 479	1 965	2 512	5 907	756	159	10 876
2015/16	14 466	2 825	3 868	9 231	1 157	970	11 368

#### Notes

- 1 - > 50% black ownership (data also included in black-empowered column)
- 2 - > 25% black ownership
- 3 - > 25% women ownership
- 4 - > 25% youth ownership

IDC net approvals for the year 2015/16 per sector are presented in the table below

Strategic business unit	R'000
Agro industries	613
Automotive and transport equipment	809
Basic and specialty chemicals	4,206
Basic metals and mining	4,321
Chemical products and pharmaceuticals	560
Clothing and textiles	554
Heavy manufacturing	614
Industrial infrastructure	1,852
Light manufacturing and tourism	479
Machinery and equipment	897
Media and motion pictures	222
New industries	149
Other	(808)
<b>Total</b>	<b>14,466</b>







# PART B

Performance Information





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

The Auditor-General of South Africa (AGSA) has conducted certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusions on the performance against predetermined objectives is included in the report to management, with material

findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to Part E on financial information for the Auditor-General's report.

# 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

## 2.1 SERVICE DELIVERY ENVIRONMENT

The EDD as a coordinating department is tasked with catalysing the transformation of the South African economic landscape with the New Growth Path (NGP) as the key policy in this regard. A key feature of the NGP is that economic growth needs to be underpinned by employment creation and greater equity in the distribution of socio-economic benefits and opportunities.

Our efforts to fulfil this commitment are affected by the ongoing uncertainties in the global economy. In these conditions, it is important to unlock the opportunities in domestic and regional markets, including thorough and more effective coordination by public entities as well as greater crowding of investment. That will require

strong initiatives to address key challenges, notably around electricity and labour relations, while taking forward the overall strategy of driving the infrastructure build programme and realising the potential of the job drivers identified in our policy framework

## 2.2 SERVICE DELIVERY IMPROVEMENT PLAN (SDIP)

The EDD has completed a Service Delivery Improvement Plan which was submitted to the Department of Public Service and Administration (dpsa) for the 2015/16 financial year.

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
Provide support to provincial economic development departments to align their plans to the MTSF	Provincial economic development departments and municipalities	Assessment of economic development indicators for all Provincial economic development departments	Customisation of economic development indicators for all provincial economic development departments	Deputy Minister has engaged in an extensive programme with municipalities and provincial economic development departments
Improve and monitor industrial funding targets for identified jobs drivers and for township economies	Private sector, township enterprises	Conducted surveys on township enterprises to measure the impact of <b>sefa</b> , IDC and NEF funding	Promote the Black Industrialist programme of government	Black Industrialist Policy was approved in March 2016. IDC has allocated R23 billion for funding of the programme for the next five years
Engagements to support the strengthening of economic regulators	Competition Commission, Competition Tribunal and ITAC	Analysis of APPs, strategic plans, evaluation of Annual Reports and quarterly performance reports. Amendment of regulations	Developed a governance framework to strengthen the oversight function of entities	Governance framework on the oversight to entities developed

**Batho Pele arrangements with beneficiaries**

Current/actual arrangements	Desired arrangements	Beneficiaries	Actual achievements
Engagements with stakeholders	Ministers, MEC's and legislatures	Provincial departments	Engagements with Provinces through MinMec and Technical MinMec. Presentation to NCOP. Some provincial economic development plans were also reviewed
	Economic cluster	Economic cluster departments	Meetings with the Economic cluster departments were attended
	Sectoral networks	Government stakeholders, Nedlac Constituencies (Business, Labour, Community) and the public	Engagements at Nedlac; meetings with steel sector; international business community were held
	The public	Vulnerable groups	Engagements through the leadership of the Deputy Minister involved public meetings, engagements at workplaces, conferences and community visits



**Service delivery information tool**

Current/ actual information tools	Desired information tools	Actual achievements
Electronic website	Captured information related to the Department on the internet and intranet	The Department’s intranet has been revamped and information intended for internal consumption is regularly updated  The Department’s website is continuously updated and will be revamped and have a new look and feel
Brochures	Developed brochures for use by potential beneficiaries / stakeholders	Social accords have been reproduced and distributed to stakeholders at various events. The toolkit/guide known as the “Small Chicken Farmers’ Booklet” has been translated into Sepedi and Tshivenda, and distributed to stakeholders who speak those indigenous languages

**Complaints mechanism**

Current/ actual complaints mechanism	Desired complaints mechanism	Actual achievements
Telephonic, electronic website personal interfaces	Direct complaints on the Department’s website and email address dedicated to complaints	The Department has a dedicated email address on the website for stakeholders to lodge complaints. This is in addition to a list of telephone contacts which also appear on the website  These complaints are received by the Communications Unit and distributed to the relevant units for action or follow-up

**2.3 ORGANISATIONAL ENVIRONMENT**

The EDD was established on 7 July 2009, in terms of the Public Service Act, 1994 (Proclamation 103 of 1994), following President Zuma’s creation of the new portfolio on Economic Development on 10 May 2009 and the appointment of Mr Ebrahim Patel as Minister. The EDD aims to support decent work and stronger economic growth and reduce inequality. As a relatively new department, the EDD is still undergoing organisational development in a number of ways.

The Department had reflected on the managerial and performance effectiveness of its structure as designed in 2009 and identified a number of weaknesses, including over segmented organisation and budgetary structures. This realisation and the need to enhance the organisational design for implementation of the MTSF resulted in the review of the organisational design and budget programme structure of the EDD. In addition, the October 2014 Medium Term Budget Statement (MTBS) gave effect to the Cabinet decision to reduce allocations for compensation of employees across government, amongst other budget cuts, which required the EDD to unfund previously funded posts.

For the 2015/16 financial year, the EDD had three budget programmes and 140 posts targeted to be filled. For the same period, 116 posts with two which were additional to the establishment were filled. Filling of vacant posts will, going forward, be prioritised by the Department.

The EDD’s employment model is based on permanent appointments, contract appointments and secondments.



The contract appointments and secondments are project focused and time bound. This meant that during this period the EDD received support through secondments of officials from other departments and across the state to support the work of the PICC.

The Department uses **the dti** for some Information and Communications Technology (ICT) services and infrastructure. The EDD is on **the dti** network and **the dti** provides services such as network, email system, backup, ICT security and telephony. The EDD is responsible for its own information technology desktop support services and has an Information Management Plan.

## 2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

### Cable and metal theft

The Presidential Infrastructure Coordinating Commission (PICC) noted the very damaging consequences of cable and metal theft from public institutions which results in damage to critical public infrastructure. Most of this criminal activity has targeted non-ferrous metals such as copper. Increasingly, ferrous metals such as steel and iron affecting transport and electricity infrastructure are also being targeted.

Often damage caused by theft far outweighs the actual value of the material stolen. These indirect

costs include loss of income, disruption of essential services, diversion of scarce resources as well as social instability.

Following a discussion, the PICC Council adopted recommendations to strengthen existing legislation by introducing more stringent measures. The EDD and PICC teams provided legal and other support to the drafting of the amendments. Cabinet and Parliament approved the Criminal Matters Amendment Act 18 of 2015, “To amend the Criminal Procedure Act, 1977, so as to regulate the bail in respect of essential infrastructure-related offences; to amend the Criminal Law Amendment Act, 1997, so as to regulate the imposition of discretionary minimum sentences for essential infrastructure; to amend the Prevention of Organised Crime Act, 1998, so as to insert a new offence in Schedule 1 to the Act; and to provide for matters connected therewith”.

The amendments, create a special category of offence for theft from public infrastructure, with tougher bail conditions, minimum jail sentences when one is found guilty, sentences of up to 30 years for theft from essential facilities and fines of up to R100 million for companies who collude with thieves and greater onus on the accused to explain where they obtained copper cables and scrap metal.

## 3. STRATEGIC OUTCOME ORIENTED GOALS

The EDD’s strategic oriented goals are:

1. Promote decent work through meaningful economic transformation and inclusive growth.
2. Provide participatory, coherent and coordinated economic policy, planning and dialogue for the benefit of all South Africans.

These goals have been given greater detail through the various Outcomes that the Presidency introduced, which include Outcome 4: Decent employment through inclusive growth. Other Outcomes that are also relevant to the goals of the Department include Outcome 5: A skilled and capable workforce to support inclusive growth; Outcome 6: Efficient competitive and responsive economic infrastructure network; and Outcome 7: Vibrant, equitable sustainable rural communities.



## 4. PERFORMANCE INFORMATION BY PROGRAMME

### 4.1 PROGRAMME 1: ADMINISTRATION

**Purpose:** Provide strategic leadership, management and support services to the Department

**Strategic Objective 1:** Provide strategic guidance to the Department, technical and administrative support to the Ministry as well as to the Department to achieve Strategic Objectives 2, 3, 4, 5 and 6.

#### Sub-programmes

- Ministry
- Office of the Director-General
- Financial Management
- Corporate Management.

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

Programme 1, “Administration”, has two Key Performance Indicators which aim to ensure that the Department achieves an unqualified audit opinion and measures improvement in support services to the Ministry and Department. While all Key Performance Indicators have been achieved in this programme, a highlight for the period under review is that the Department has received an unqualified audit opinion.

A pilot survey was undertaken with specific divisions in the Department to measure ‘internal client service satisfaction levels’. The survey’s findings and recommendations are being implemented to improve processes and systems within Human Resources Management Unit.

ITAC made changes to regulations in relation to the Automotive Production and Development Programme (APDP) regulations and issued amendments to Export Control Regulations. These are discussed in more detail in Programme 3 “Investment, Competition and Trade”.

The EDD, supports **the dti** as the coordinating department for Outcome 4, and works with **the dti** and the National Treasury to manage the monitoring system of the outcome to provide analysis of the impact achieved by the Cluster departments.

### PROGRAMME 1: ADMINISTRATION

Performance indicator	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
KPI 1: Unqualified audit report	New KPI	1	1	-	-
KPI 2: Measured improvement in support services to Strategic Objectives 2, 3, 4, 5 and 6 and the Ministry as quantified by users	New KPI	1	1	-	-

#### Changes to planned targets

There were no in-year changes to planned targets and indicators for the period under review. The EDD implemented its 2015/16 APP as tabled in Parliament.

#### Linking performance with budgets

R83.1 million or 99.9% of the Administration’s programme budget of R83.2 million was spent during the 2015/16 financial year.



### Programme 1: Expenditure

Sub-programme name	2015/16			2014/15		
	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
Ministry	20 162	20 160	2	20 421	19 828	593
Office of the Director General	14 579	14 578	1	12 611	12 583	28
Corporate Management Services	36 618	36 618	-	55 044	55 008	36
Financial Management	11 864	11 788	76	-	-	-
<b>Total</b>	<b>83 223</b>	<b>83 144</b>	<b>79</b>	<b>88 076</b>	<b>87 419</b>	<b>657</b>

## 4.2 PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE

Programme 2 “Growth Path and Social Dialogue” has six Key Performance Indicators and 22 products. Its purpose is to strengthen government’s economic development capacity; review, develop and propose the alignment of economic policies; and, develop policies aimed at broadening participation in the economy and creating decent work opportunities. Key areas of its work include:

- Providing support for the New Growth Path’s jobs drivers through initiatives such as responding to challenges in the steel industry to providing support and input to the Mining Phakisa
- Coordinating and aligning economic development through, as examples, the work in the PICC working with other departments and the Presidency to promote more effective industrial relations; participation in the Industrial Policy Action Plan (IPAP) and the ESEID Cluster; and coordinating the social economy jobs drivers
- Facilitating increased access to employment and entrepreneurship for black women and youth
- Gathering information and developing a dashboard on agriculture to assist policy makers
- Promoting inclusive growth through, for example, evaluating youth employment and

promoting implementation of the Youth Accord; implementation of spatial, local and provincial initiatives to promote employment, empowerment and development; coordinating work on the social economy; and providing strategic support for the jobs drivers

- Supporting provincial development through numerous engagements with provinces.

**Purpose:** Strengthen the economic development capacity of government. Review and develop the alignment of economic development policies aimed at broadening participation in the economy to create decent work opportunities

**Strategic Objective 2:** Coordinate jobs drivers and implementation of the New Growth Path economic strategy in support of the National Development Plan

**Strategic Objective 3:** Facilitate social dialogue and implementation of social accords

#### Sub-programmes

- Growth Path Jobs Drivers
- Social Dialogue, Productivity and Innovation





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

During the period under review, the Department worked on and helped develop two significant legal instruments. The first was the Criminal Matters Amendment Bill where the Department worked in partnership with the Department of Justice and the PICC (reported on in more detail in Programme 3). Over the course of the year, the Department also did significant research and consulted on proposed amendments to the Amended Competition Act. A Memorandum was produced for the President as a result of the work undertaken, on 1 May 2016, the government gazetted a Presidential Proclamation that brought into effect certain sections of the Competition Amendment Act. It makes it a criminal offence for directors or managers of a firm to collude with their competitors or fix prices, divide markets among themselves or collude in tenders or to acquiesce in collusion. They expose themselves to jail time if they are convicted.

The Department promoted trade and investment through a number of initiatives. These included the Minister's participation in the Presidential Business Working Group; hosting investor meetings with a range of sectors and promoting investments in road shows with the IDC leadership; engagement with Black Industrialists hosted by the Gauteng Premier; meeting international investors abroad; approving investments in the rest of the African continent, among others. In addition to the work undertaken by the Minister, the Department undertook work on unblocking investment, supporting the green industry and indigenous chicken subsector in agriculture and supporting the steel industry (addressed in more detail below).

At the time when there were heightened attacks on foreign owned businesses, the EDD commissioned research on trade in the region and hosted a stakeholder symposium with over 100 participants, including youth, parliamentarians, academics, students, workers and business people. It addressed the benefits that South Africa got from trade and investment from the region (including the research findings such as one out of every five Ford Ranger bakkies made in Roslyn, Pretoria, is sold elsewhere on the continent).

The EDD also engaged workers and communities on these issues to gain a shared commitment to tell the African story more consistently in South Africa.

Other activities that were held where the EDD provided thought leadership included a workshop, hosted by the Minister in Durban, on "Measuring Well-being and Development in Africa". Here participants from around the world, including the United Nations and the Organisation for Economic Co-operation and Development (OECD), joined in a debate on how best to measure economic welfare. They examined the challenges with GDP and measuring economic welfare, statistical services on the continent and identified possible solutions. The EDD also co-hosted a BRICS Competition Conference together with the Competition Commission on "Competition and Inclusive Growth". It was the first major conference globally that placed employment at the heart of competition policy. The conference, which brought together 508 delegates from competition agencies, practitioners and stakeholders from BRICS and other African countries as well as experts from the US and EU, led to rich discussion on the specific challenges faced in the global south.

The EDD's commitment to inclusive growth was pursued through a variety of initiatives. Highlights included the efforts, together with **the dti**, to support the steel industry while it faces the steel surplus worldwide. The initiatives undertaken include the Minister's meeting with industry and unions to get feedback on government's proposed policy interventions; ITAC's raising of a range of steel tariffs; the establishment of a task team on steel to negotiate a developmental price for steel; and establishing additional capacity for the International Trade Administration Commission of South Africa (ITAC) to monitor the implementation of the scrap metal policy.

An indaba on social entrepreneurship was held in the Free State attended by 300 participants from social entrepreneurs, policy makers, academics and civil society. The indaba dealt with issues such as access to funding for social enterprises that remains a challenge. The need to entrench social entrepreneurship as part of the curriculum in schools (primary and high school level) and skills development are key means to build and sustain social enterprises.



We continue to provide support to provincial economic development departments in their strategic planning sessions and in developing their departmental plans and annual performance plans.

A last key area of work to highlight is the continued contribution of the Department to the work of government in developing economic policy and building the economy. Work includes, as examples, its contribution into the Inter-Ministerial Committee (IMC), Economic Sectors, Employment and Infrastructure Development (ESEID) and War Room on Energy.

**PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE**

Performance Indicators	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
KPI 3: Integrate NGP framework in macro- and micro economic policy and infrastructure initiatives, including through selective impact assessments and upgrading the operational sections of the NGP where necessary, as part of strengthening implementation of the NGP	4	5	5	-	-
KPI 4: Strategic support for jobs drivers of the NGP, monitor implementation across the state, address blockages as required and identify new opportunities and risks as they rise, as part of strengthening implementation of the NGP	2	2	10	+8	Needed to respond to steel industry challenges as well as promote African regional integration in the wake of attacks on foreign owned businesses in 2015
KPI 5: Support the development of the green economy and jobs through implementing the Green Economy Accord	2	2	3	+1	There was a need to discuss the impact of energy on the industry and how green energy could be utilised to create alternative energy use



Performance Indicators	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
KPI 6: Facilitate increased access to employment and entrepreneurship for black women and youth in the context of stronger support of emerging and smaller enterprise overall	4	2	4	+2	Two exhibitions at Thaba Moshate and the University of Venda were undertaken to promote youth month, and show case what opportunities are there for young people
KPI 7: Number of spatial, local and provincial initiatives to promote employment, empowerment and development	3	8	9	+1	Additional work on provincial plans was undertaken to align provincial plans to national plans and policies
KPI 8 : Development and support programmes for more effective industrial relations and support for implementation of social accords	4	3	4	+1	Additional work to support and monitor the implementation of social accords

Note: KPI numbering changed in 2015/16 compared to 2014/15

### Changes to planned targets

There were no in-year changes to planned targets and indicators for the period under review.

The EDD implemented its APP 2015/16 as tabled in Parliament.

### Linking performance with budgets

Expenditure for Programme 2 amounted to R26.7 million or 95.8% of the adjusted programme budget of R27.9 million.



## Programme 2: Expenditure

Sub-programme name	2015/2016			2014/2015		
	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
Growth Path and Creation of Decent Work	17 826	16 801	1 025	12 834	12 774	60
Economic Policy	10 063	9 904	159	9 450	9 268	182
<b>Total</b>	<b>27 889</b>	<b>26 705</b>	<b>1 184</b>	<b>22 284</b>	<b>22 042</b>	<b>242</b>

### 4.3 Programme 3: Investment, Competition and Trade

Programme 3 “Investment, Competition and Trade” has 15 Key Performance Indicators and 140 products and is aligned to Outcome 4, 5 and 6. Its purpose is to promote economic planning and coordination through developing economic planning proposals; provide oversight and policy coordination of identified Development Finance Institutions (DFIs) and Economic Regulatory Bodies (ERBs); and contribute to the development of the green economy.

In 2015/16, the EDD undertook a range of work under the programme that included: Promoting investments, expanding industrial funding and entrepreneurship and improving performance of DFIs for job creation, inclusive growth, industrialisation and social inclusion.

#### Unblocking of projects and investment

Coordinating infrastructure development for inclusive growth, service delivery, job creation, industrialisation and social inclusion. To this end the EDD provides secretariat and technical support to the Presidential Infrastructure Coordination Commission (PICC).

Promoting competition, trade and other economic regulation in support of job creation, inclusive growth, industrialisation and social inclusion.

The Minister of Economic Development heads the secretariat of the PICC, which was established to oversee the implementation of the infrastructure plan. South Africa is implementing the largest infrastructure programme in her history and this infrastructure is

fundamental to economic transformation, to change patterns of ownership and the economy and to address the legacies of under-development. The PICC has taken steps through its technical team to implement the commitment to improve infrastructure planning and coordination.

The programme also provides support to the Minister for his engagements with key agencies such as the IDC, ITAC, the Competition Commission and the Competition Tribunal. The EDD’s work with the IDC has led to a substantial increase in funding. Details are provided below together with the achievements of the other agencies.

**Purpose:** Provide support for the coordination of infrastructure development. Provide oversight and coordinate policy of identified development finance institutions and economic regulatory bodies

**Strategic Objective 4:** Coordinate infrastructure development and strengthen its positive impact on the economy and citizens

**Strategic Objective 5:** Promote investment, industrial funding and entrepreneurship for jobs and inclusive growth

**Strategic Objective 6:** Promote competition, trade and economic regulation in support of job creation, industrialisation and social inclusion

#### Sub-programmes

- Infrastructure Development Coordination
- Development Investment, Industrial Funding and Entrepreneurship
- Competition, Trade and other Economic Regulations



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

**Strategic Objective 4**

The Department, through the technical task team of the PICC provided support for the implementation of the National Infrastructure Plan through its work with the Secretariat of the PICC. The PICC drives and coordinates the public infrastructure programme. The EDD support to the PICC in the past year included:

- Technical work on legislation to combat cable and metal theft from public infrastructure
- Facilitating the approval of an USD \$180 million loan from the Brazil, Russia, India, China and South Africa (BRICS) New Development Bank to lay transmission lines for the renewable energy plants
- Unblocking, fast-tracking or facilitating the unblocking of 22 infrastructure projects and addressing funding gaps
- The team compiling 72 Cabinet level progress reports on Strategic Integrated Projects
- Providing secretariat and coordination functions for the PICC and 30 Council, Secretariat and Manco meetings
- The team implementing 8 Cabinet decisions related to the rollout of infrastructure, and
- Conducting site visits and verifications.

**Strategic Objective 5**

The Department promotes investment, industrial funding and entrepreneurship for jobs and inclusive growth.

The EDD prepared an evaluative report on the IDC funding and turnaround times as well as a baseline report on the levels of government and DFI industrial funding. In addition, the Department made the IDC and sefa aware of the results of the research it had undertaken on township enterprises and the specific funding requirements they had in relation to DFIs.

The Minister held a number of engagements with IDC’s management and board in order to provide input on its corporate plan and policies; and gave strategic guidance and ensured improvement in its efficiencies. He initiated a meeting with the Chairman of China

Construction Bank that ultimately resulted in the joint investment by the IDC. Lastly, the Minister also attended the IDC’s public release of its Annual Report.

In the 2015/16 year, the IDC approved R14.5 billion (net) of 180 transactions and disbursed R11.4 billion total funding. This marks a record level of approvals for the IDC, and the funding for the year saved and created 15 272 jobs. There has also been a qualitative shift in IDC’s funding – funding for Black Industrialists has increased to R2.9 billion for the year under review from R2 billion the previous financial year. Funding for youth and women entrepreneurs has tripled from the previous financial year to R970 million and R1.2 billion, respectively.

The IDC signed two important agreements during the year, one for a R10 billion pledge by the China Construction Bank and the second was an agreement with BAIC (Beijing Automotive International Group) to establish an automobile plant in South Africa, which, when it meets its feasibility study criteria, will be the first new light passenger assembly plant to be built in South Africa in more than 40 years, with an initial capacity to produce about 50 000 cars, trucks and Sport Utility Vehicles (SUVs).

In addition to the work done by the Minister and IDC to promote investment, the Minister and the EDD undertook a range of initiatives to promote and unblock investment. In one high level intervention, the South African Government received H.E. Eng. Sultan bin Saeed Al Mansouri, the Minister of the Economy of the United Arab Emirates (UAE), for meetings between 10 and 12 June, 2015 on the invitation extended to him by the Minister of Economic Development, Mr Ebrahim Patel. Both the UAE and South Africa consider each other to be a strategic trading partner and the visit was intended to help increase levels of trade and investment between the two countries. Minister Mansouri was accompanied by a business delegation consisting of company CEOs, representatives from the UAE ruling families’ business offices and government officials. In addition to meetings between the two Ministers, business-to-business bilaterals were held as well as a CEO roundtable meeting in which the two Ministers had the opportunity to address CEOs of leading South African and the UAE companies.





The EDD, through its unblocking support function, facilitated, fast-tracked and/or unblocked 16 investment initiatives over the period. Some of the unblocking support provided includes:

- A local noodle factory that received grant funding to improve its competitiveness and now supplies to Massmart and Shoprite
- A new film studio was supported in Johannesburg to strengthen the country’s appeal as a film-making location
- A tender in the Northern Cape for water pipes was rewritten to ensure that the tender specifications were aligned to local industrial capacity
- A fruit canning operation in the Western Cape was supported to obtain electricity during power shortages which saved crops and 2 000 seasonal jobs.

**Strategic Objective 6**

The EDD promotes competition, trade and economic regulation in support of job creation, industrialisation and social inclusion and support included:

- The Minister engaged with the regulators, providing strategic guidance and oversight to the Economic Regulatory Bodies (ERBs)

- The Minister issued a trade directive that requires ITAC to consider the commitments companies make on investment, jobs and industrial output, when making request for tariff increases or rebates of duty, this will ensure that companies not only rely on tariff protection, but also invest in new technologies, training of workers and project innovation to protect and expand market share. It also serves to ensure that any costs are accompanied by an increase in jobs
- EDD commented on and ITAC issued Automotive Production and Development Programme (APDP) regulations to grant temporary reprieve for Nissan South Africa (Pty) Ltd and General Motors South Africa (Pty) Ltd from Automotive Production and Development Programme (APDP) Regulations in order to benefit from the Automotive Incentive Scheme
- The EDD commented on and ITAC issued Export Control Regulations on waste and scrap of primary cells, primary batteries and electric accumulators, spent primary cells, spent primary batteries and spent electric accumulators. The amendment was done to support local industry and to attend to environmental concerns.

**PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE**

Performance Indicators	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
KPI 9: Number of quarterly Cabinet-Level progress reports of Infrastructure Strategic Integrated Projects (SIPs)	72	60	72	+ 12	The target is for 17 SIPs to produce four reports per year. In this year, 18 SIPs completed quarterly reports. Three additional SIPs do not have a co-ordination function
KPI 10: Number of infrastructure projects unblocked, fast-tracked or facilitated	14	8	22	+14	Higher demand than anticipated in Environmental Impact Assessment (EIA) and Water Use Licences (WULA) Approval for unblocking. The PICC had to respond to more requests for unblocking than anticipated

## PART B – Performance Information

Performance Indicators	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
KPI 11: Number of Cabinet and PICC strategic decisions on infrastructure implemented	4	4	8	+4	The decisions are based on the submissions to Cabinet, and decisions made by Cabinet which have to be implemented
KPI 12: Number of PICC meetings held and facilitated	44	30	30	-	-
KPI 13: Drive implementation of SIP 5 of the National Infrastructure Plan	New KPI	4	4	-	-
KPI 14: Support programmes to drive localisation in the infrastructure programme, including through the PPPFA, and local supplier development initiatives	3	2	8	+6	Additional initiatives were undertaken to support local procurement of goods and services
KPI 15 : Number of investment initiatives facilitated, fast-tracked and/ or unblocked	13	10	16	+6	Demand for support and unblocking's surpassed anticipation and projections
KPI 16: Establish and monitor industrial funding targets for identified jobs drivers and for township economies	4	3	3	-	-
KPI 17: Reports on increase in industrial finance available from DFIs and departments and its impact on job creation	4	4	6	+2	Additional reports were produced to highlight the jobs impact of departments and DFI incentives on job creation
KPI 18: Strategic engagements with DFIs to improve efficiency/ decrease turnaround times for project approvals	4	5	8	+3	Given the economic challenges faced by the country more interactions with the IDC were necessary



Performance Indicators	Actual achievement 2014/2015	Planned target 2015/2016	Actual achievement 2015/2016	Deviation from planned target to actual achievement for 2015/2016	Comment on deviations
KPI 19: Connect infrastructure with productive investment and growth, including where appropriate through off-take agreements	New KPI	1	2	+1	The replacement of the water pipeline project which was expected to have been resolved after year end was completed earlier than expected
KPI 20: Strategic engagement to support the strengthening of economic regulators, through capacity building, administrative efficiency, and consolidation where needed	5	2	2	-	-
KPI 21: Ensure competition authorities address abuse of market power and support employment, industrialisation and development objectives	New KPI	2	4	+2	As a result of the Competition Appeal Court settlement, Massmart dedicated a fund of R200 million over 5 years to develop local producers for the Massmart supply chain
KPI 22: Ensure trade authorities and policies support industrialisation, employment and other national development objectives	New KPI	2	3	+1	A need to amend the Import and Export Regulations was identified during the course of 2015/16, as it had to be aligned with the amendments to Schedule 1 to the Customs and Excise Act, 1964 (Act No. 91 of 1964)
KPI 23: Engagements with trade and competition authorities to increase administrative efficiencies	6	3	7	+4	Term of office of Commissioners at ITAC expired on 30 Sept 2015 and new Commissioners had to be appointed. The EDD had regular meetings with the entities as and when issues were identified

Note: KPI Numbering changed in 2015/16 compared to 2014/15



**Changes to planned targets**

There were no in-year changes to planned targets and indicators for the period under review.

The EDD implemented its APP 2015/16 as tabled in Parliament.

**Linking performance with budgets**

Actual expenditure for Programme 3 and its sub-programmes amounted to R773.9 million or 99.9% of the adjusted programme budget of R774.7 million for the 2015/16 financial year. Spending in this programme is driven mainly by transfer payments to the departmental agencies.

**Programme 3: Expenditure**

Sub- programme name	2015//2016			2014/2015		
	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
Development Investment, Industrial Funding and Entrepreneurship	415 462	415 462	-	571 234	570 878	356
Competition, Trade and Other Economic Regulations	343 135	343 079	56	5 080	4 804	276
Infrastructure Development Coordination	16 069	15 343	726	10 186	9 770	416
<b>Total</b>	<b>774 666</b>	<b>773 884</b>	<b>782</b>	<b>586 500</b>	<b>585 452</b>	<b>1 048</b>



## 5. TRANSFER PAYMENTS

### 5.1 TRANSFER PAYMENTS TO PUBLIC ENTITIES

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
		R'000	R'000	
Competition Commission	The Competition Commission is the investigative and enforcement arm of the Competition Act. It investigates mergers and/or anti-competitive conduct and refers its findings to the Competition Tribunal for a decision	231 045	296 458	Refer to part A of the Annual Report, Section 7
Industrial Development Corporation - <b>sefa</b>	<b>sefa</b> provides access to Small Medium and Micro Enterprises via Direct Lending and Intermediaries	411 397	323 889*	<b>sefa</b> achievements are included in the Small Business Development Department annual report
Competition Tribunal	The Competition Tribunal adjudicates on mergers and prohibited practice cases that involve anti-competitive outcomes achieved either through co-ordinated conduct between competing firms or through unilateral conduct by a dominant firm	19 102	35 130**	Refer to Part A of the Annual Report, Section 7
International Trade and Administration Commission of South Africa	ITAC aims to create fair trade conditions that will boost South Africa's economic development and growth. ITAC comprises three core business units, namely Tariff Investigations, Trade Remedy Investigations and Import and Export Control	88 701	92 685	Refer to Part A of the Annual Report, Section 7
<b>Total</b>		<b>750 245</b>	<b>748 162</b>	

\***sefa** was transferred to Small Business Development Department from 1 April 2015, but the transfers remained on the EDD budget line for the financial year

\*\*The Competition Tribunal figures include other sources of income such as filing fees and other income





## 5.2 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

The table below reflects the transfer payments made for the period 1 April 2015 to 31 March 2016.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Department 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
Not applicable						

The table below reflects the transfer payments which were budgeted for in the period 1 April 2015 to 31 March 2016, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
Not applicable				

## 6. CONDITIONAL GRANTS

### 6.1 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

Not applicable.

### 6.2 CONDITIONAL GRANTS AND EARMARKED FUNDS RECEIVED

Not applicable.

## 7. DONOR FUNDS

### 7.1 DONOR FUNDS RECEIVED - EMPLOYMENT CREATION FUND – EUROPEAN UNION (EU)

#### Donor Fund 1: SBM Iron and Steel Manufacturers (Pty) Ltd

Name of donor	EU/ the dti
Full amount of the funding	R 1.27 million
Period of the commitment	2015/16
Purpose of the funding	Detailed Feasibility Study on the Dimbaza Steel Mill
Expected outputs	Research, technical work, writing up of report and coordination for four phases
Actual outputs achieved	Phase 1 report completed, Phase 2 currently underway, this project has been on-going for the financial year. Site visits are conducted frequently
Amount received in current period	R 1.27 million
Amount spent by the Department	R 1.27 million
Reasons for the funds unspent	-
Monitoring mechanism by the donor	Review of reports



### Donor Fund 2: Rise-Up Bakery Project

<b>Name of donor</b>	EU/ the dti
<b>Full amount of the funding</b>	R 4.41 million
<b>Period of the commitment</b>	2015/16
<b>Purpose of the funding</b>	To establish up to 50 co-operative bakeries owned by women
<b>Expected outputs</b>	Monitor the roll out of bakeries
<b>Actual outputs achieved</b>	First 5 bakeries rolled out in the pilot phase.
<b>Amount received in current period</b>	R 4.41 million
<b>Amount spent by the Department</b>	R 4.41 million
<b>Reasons for the funds unspent</b>	N/A
<b>Monitoring mechanism by the donor</b>	Monitor actual number of bakeries rolled out

## 8. CAPITAL INVESTMENT

### 8.1 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

The EDD commenced the 2015/16 financial year with assets worth R11.7 million and software worth R1.8 million. An additional R1.9 million was added during the financial year, whilst R951 000 worth of assets were disposed (this amount includes assets from the previous financial years). The EDD conducted quarterly asset verifications and compiled a disclosure note that reconciled to additions on the trial balance.

The EDD is housed within **the dti** campus and largely sources office equipment as this is part of the Public Private Partnership arrangement between **the dti** and the private partner. The Department conducts quarterly assets verifications to ensure that all assets are accounted for and are registered.





# PART C

## Governance



## 1. INTRODUCTION

The commitment by the Department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the Department has good governance structures in place to effectively, efficiently and economically utilise state resources.

During the period, the EDD introduced systems and processes to enhance its governance processes and ensure that it complied with government policies and regulations. These systems were also meant to assist the Department in addressing audit issues and reduce the number of findings. These ranged from compliance and administrative processes that were introduced especially within the human resource management as a directorate.

## 2. RISK MANAGEMENT

The Department has a Risk Management Strategy, a Risk Management Policy which includes procedures and methodologies aligned to the Risk Management Strategy. A Risk Management Implementation Plan is in place as approved by the Director-General during the period under review. The above risk management documents have been aligned to best practice standards, and are applied continuously throughout the Department to improve the risk management culture within the Department. The risk management documents further enhance the proactive identification and management of risks as well as the effective implementation of transparent systems for risk management.

The Department's Risk Management Committee is chaired by an external person from the Department of Trade and Industry and it operates separately from the Audit Committee. Its meetings are held on a quarterly basis. All the critical issues that arise from the Risk Management Committee meetings are escalated and brought to the attention of the Accounting Officer on a regular basis by the chairperson.

The Department's Audit Committee continues to play an oversight role regarding risk management processes and systems. It independently monitors management's implementation of the risk management processes and

systems based on reports it receives from the Risk Management Committee.

The Department continues to manage the risks emanating from its strategic choices, and noticeable progress has been seen through the achievement of targets and key performance indicators identified in the Annual Performance Plan.

## 3. FRAUD AND CORRUPTION

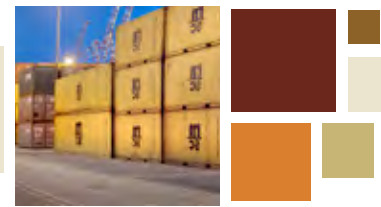
The EDD has an approved fraud prevention plan as well as related fraud prevention policies and procedures in place. These are implemented on an on-going basis throughout the Department.

The EDD has a Whistle-blowing Policy in place which is communicated to all officials during the induction programme in the Department to make them aware of the procedures to be followed when making confidential disclosures or reporting suspected fraud and corruption incidents. The policy provides that disciplinary procedures be instituted against defaulters if they are found guilty of fraud.

## 4. MINIMISING CONFLICT OF INTEREST

Employees are given copies of the financial disclosure forms to complete and these form part of the employee appointment pack. Senior Management Service (SMS) members are also required to submit financial e-disclosures in April of each year. Financial e-disclosures are analysed, verified against the Companies and Intellectual Property Commission (CIPC) database. Where discrepancies are identified, relevant employees are requested to provide reasons in writing for the discrepancies for the Minister's decision.

All employees (SMS and Non-SMS) are also advised during the induction programme to apply for remunerative work outside the public service when they contemplate doing so. Senior Management Services members are also required to disclose their contemplation of doing other remunerative work when submitting their e-disclosures in April of each year.



Employees are also required to disclose gifts received and these are recorded on the gifts register with the Office of the Chief Financial Officer.

## 5. CODE OF CONDUCT

The EDD adheres to the public service code of conduct. A copy of the code of conduct is given to all employees upon their appointment. The code of conduct covers the relationship with the legislature and executive, the public, and other employees within the Department and the public service at large. It also covers the performance of duties, personal conduct and private interest.

All employees are required to sign as affirmation upon receipt of this code of conduct. During this period, 18 employees were appointed and were given this code. The code of conduct is also communicated and discussed in-depth with employees during the induction programme. Corrective measures would be taken against employees who are not adhering to the code of conduct. Twenty-six employees and seven interns attended the induction programme.

## 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The EDD participated in the health and safety programmes of **the dti** within the Campus. All maintenance, safety and hazardous issues were attended to by **the dti** through a contracted service provider.

## 7. PORTFOLIO COMMITTEES

The EDD had a total of nine briefings with the Portfolio and Select Committee on Economic Development (excluding entities).

Dates	Session / Briefing
14 April 2015	Briefing to Portfolio Committee 2015/16 Strategic Plan and APP
6 May 2015	Briefing to Select Committee on 2015/16 Strategic Plan and APP
2 June 2015	Portfolio Committee Minister introduction on IDC Investment Strategy

Dates	Session / Briefing
9 June 2015	Portfolio Committee Briefing with <b>the dti</b> on Automotive Sector
4 August 2015	Portfolio Committee Q3 and Q4 2014/15 Performance Reporting
1 September 2015	Portfolio Committee Q1 2015/16 Performance reporting
15 October 2015	Portfolio Committee 2014/15 Annual Report
27 October 2015	Briefing to Select Committee on 2014/15 Annual Report
1 March 2016	Portfolio Committee Q2 Performance Reporting
3 March 2016	Portfolio Committee Q3 Performance Reporting

## 8. SCOPA RESOLUTIONS

There were no Scopa resolutions related to the Department for the period under review.

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

There were no prior audit modifications to audit reports.

## 10. INTERNAL CONTROL UNIT

The Department did not have an Internal Control Unit. Controls were managed through the policies and procedures of the Department and through segregation of duties.

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit Unit reported to the Accounting Officer administratively and to the Audit Committee functionally as required. The Unit followed a risk-based internal audit approach.

The Rolling Three-Year Strategic and Annual Operation Internal Audit Plans were based on an assessment of the risk of the Department. The Audit Plan was submitted to the Management Committee (Manco) before final approval by the Audit Committee. Using the risk assessment as a basis, audit reviews for the





year included performance information, operational, financial, compliance and follow-up audit reviews.

The Audit Committee comprised three (3) independent non-executive members, who operated in accordance with their approved charter. The Audit Committee had four (4) meetings during the year under review and

played an essential part in the Department's corporate reporting processes in relation to both financial and non-financial performance reporting. The Auditor-General South Africa, National Treasury, Internal Audit and the Accounting Officer were invited, amongst others, to attend the meetings.

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	No. of Meetings attended
Mr S Simelane	<ul style="list-style-type: none"> <li>• B.Com (Accounting)</li> <li>• B.Com (Hons)</li> <li>• MBA</li> </ul>	External	N/A	03/03/2014	4
Prof. DP van der Nest	<ul style="list-style-type: none"> <li>• B.Comm (Accountancy)</li> <li>• B.Com (Hons) Economics</li> <li>• M.Com (Economics)</li> <li>• Doctor Technologiae</li> </ul>	External	N/A	03/03/2014	4
Mr M Dukander	<ul style="list-style-type: none"> <li>• B.Com (Accounting)</li> <li>• B.Compt (Hons)</li> <li>• Post Graduate Diploma in Auditing</li> </ul>	External	N/A	03/03/2014	3

## 12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

### Audit Committee Members and Attendance

The Audit Committee is required to meet at least four times per annum as per its approved terms of reference. During the year under review, four (4) meetings were held.

### Audit Committee Responsibility

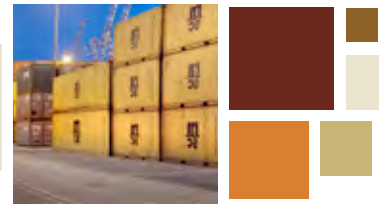
The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulations 3.1.13. The Audit Committee also reports that it has appropriate Terms of Reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein. The Audit Committee reports that, during the year under review, it was presented with regular quarterly management reports to enable them to:

- Monitor the integrity, accuracy and reliability of the Department's financial information; and

- Review all material information presented to the Committee.

For the financial year ended 31 March 2016, the Audit Committee was presented with the following information for review:

- The Annual Financial Statements, and made certain recommendations for improvement
- All quarterly Financial Statements
- Unaudited Annual Financial Statements before submission to the Auditor-General South Africa (AGSA) on 31 May 2016
- The management letter of the AGSA related to the audit of the final 2015/16 Annual Financial Statements
- The appropriateness of accounting policies, practices and potential changes
- The effectiveness of the system of risk management, including emerging risks
- Compliance with relevant laws and regulations
- The Annual Report and predetermined objectives prior to submission to the AGSA and final publication, and



- The plans, work and reports of Internal Audit and the AGSA. The Audit Committee also conducted several independent meetings with the assurance providers.

### The Effectiveness of Internal Control

The systems of internal control are designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed.

Internal Audit provides the Audit Committee and management with assurance that the controls are appropriate and effective. This is achieved by means of an appropriate quarterly reporting process, as well as the identification of corrective action and suggested enhancements to the controls and processes. Risk Management Committee monitors and oversees the control of risk identification throughout the Department. Risk management is a standing agenda item in the Audit Committee meetings and the Chair of the Risk Management Committee provides feedback on this process.

The system of internal control and the concomitant control environment were reasonably effective as attested by the various Internal Audit reports and those of the AGSA. There has also been some improvement within Human Resources, however more work is required within the areas of Supply Chain Management, Information Technology and the drafting of predetermined objectives and performance information included in the Annual Performance Plan. The Information Communication Technology (ICT) Steering Committee continued its work during the year. An ICT Framework, Charter and Policy were drafted and approved during the year and progress in terms of compliance will be monitored and reported on to further increase improvement in the ICT control environment. The Audit Committee has considered management's

responses to address matters and to facilitate corrective actions, improvements and monitoring the controls and procedures where findings were identified. Implementation of such corrective actions is monitored through an audit heat map report and the follow-up reports submitted to the Audit Committee on a regular basis.

### Internal Audit

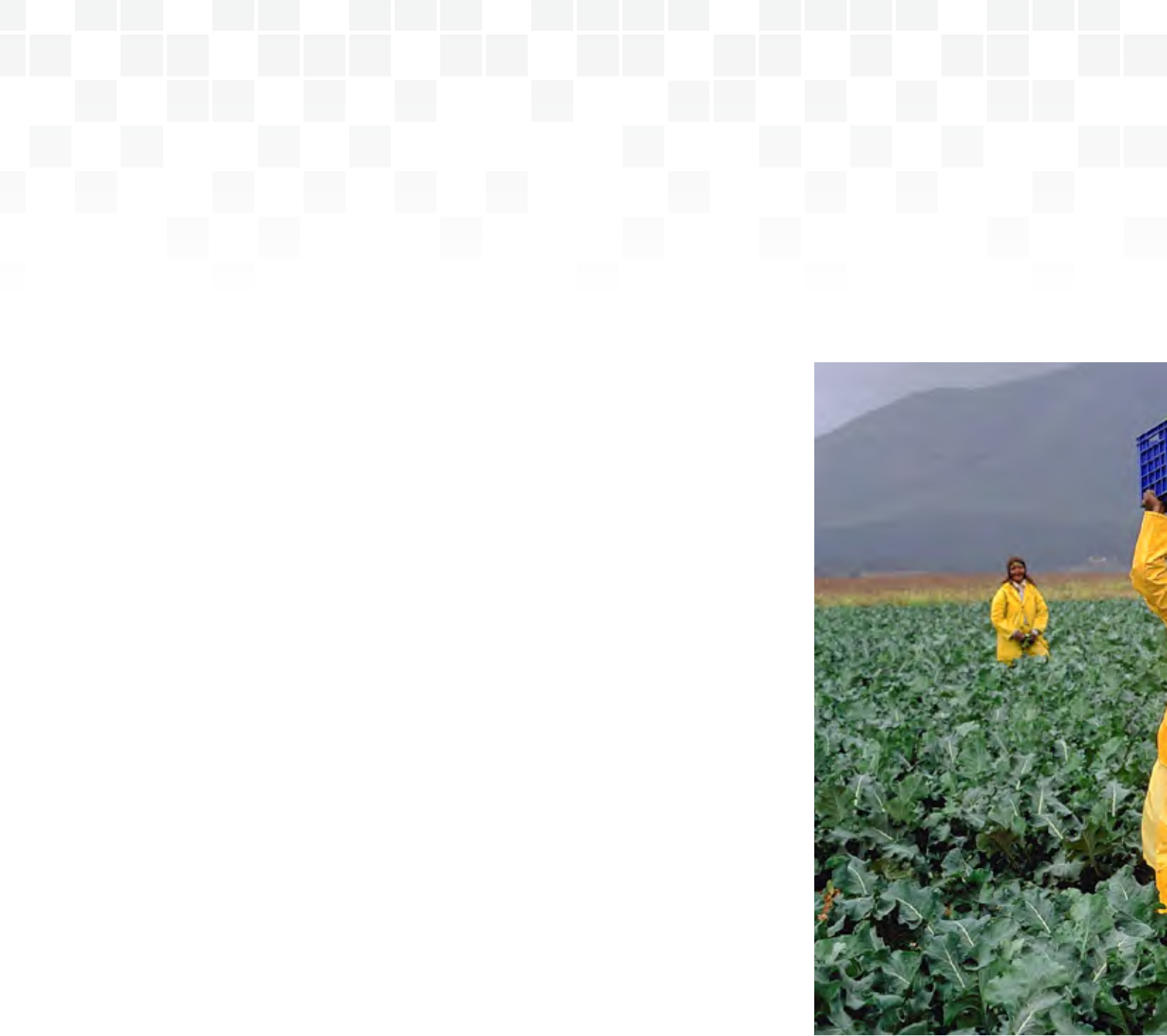
The Committee has ensured that the Internal Audit function was independent and had necessary resources, standing and authority within the Department to enable it to effectively and efficiently discharge its duties and that it has addressed the risks pertinent to the Department in its audit assignments. Furthermore, the Committee oversaw cooperation between the Internal Audit and External Auditors.

### Evaluation of Financial Statements

The Audit Committee has evaluated the Department's financial statements for the year ended 31 March 2016 and concluded that there were no material misstatements, and this concurs with and accepts the conclusion of the AGSA on the Annual Financial Statements.

Prepared by:

**Mr Sakhiseni Simelane**  
Chairperson of the Audit Committee  
31 July 2016







# PART D

## Human Resource Management



## 1. Introduction

The information provided in respect of Human Resource Management is in line with the requirements applicable to all government departments as outlined in Regulation J3/111/1 of the Public Service Regulations, 2002 as amended.

## 2. Overview of Human Resources

The EDD employs staff on a permanent basis, as well as through fixed-term contracts for specific projects and secondments to access scarce skills and knowledge in relation to its work. These skills are sourced from various institutions of higher learning to assist the Department to deliver on its mandate.

The EDD had a ratio of 46% women in Senior Management positions as at 31 March 2016 as compared to 54% men. The Department will continue to work towards ensuring that the target of 50% women representation at Senior Management is met. Twelve (12) interns were enrolled during the 2015/16 financial year on a one year Internship Programme and they were inducted accordingly. The EDD developed a Workplace Skills Plan and submitted it to the Public Service Sector Education and Training Authority (PSETA) and has monitored its implementation on a monthly basis.

During the year under review, six policies were developed and eight were reviewed, however these

policies are still at consultation stage. In addition, plans were developed, including the Employment Equity Plan, the Human Resource Development Plan, the Human Resource Development Implementation Plan, the Implementation Plan for Job Access, and the Implementation Plan for Gender Equality. The Department is ensuring implementation of these and other plans. The collective bargaining and consultative structure is fully functional within the Department.

The Employee Assistance Programme has continued to render 24-hour support services to the EDD employees and their family members. Through the Health Promotion Programme, HIV/Aids counselling and testing campaigns were conducted in partnership with the Government Employee Medical Scheme.

## 3. Human Resources Oversight Statistics

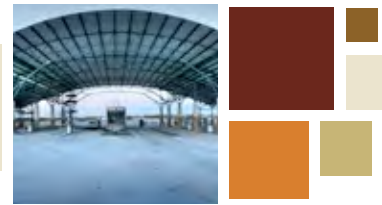
### 3.1 Personnel Related Expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary band. In particular, they provide 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 2015 and 31 March 2016**

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services (R'000)	Personnel cost as a per cent of total expenditure (%)	Average personnel cost per employee (R'000)	Number of staff
Administration	83 146	41 690	349	7 202	50	613	68
Growth Path and Social Dialogue	26 703	22 276	-	266	83	969	23
Investment, Competition and Trade	773 884	15 432	-	-	2	617	25
<b>Total</b>	<b>883 733</b>	<b>79 398</b>	<b>349</b>	<b>7 468</b>	<b>9</b>	<b>2 199</b>	<b>116</b>

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

Salary bands	Personnel expenditure (R'000)	% of total personnel costs	Average personnel cost per employee (R'000)	No of employees
Skilled (Levels 3-5)	1 231	2	205	6
Highly skilled production (Levels 6-8)	9 132	12	326	28
Highly skilled supervision (Levels 9-12)	23 859	30	645	37
Senior management (Levels 13-16)	36 142	46	1 095	33
Contract (Levels 3-5)	654	1	327	2
Contract (Levels 6-8)	744	1	248	3
Contract (Levels 9-12)	3 076	4	615	5
Contract (Levels 13-16)	4 560	6	2 280	2
<b>Total</b>	<b>79 398</b>	<b>100</b>	<b>684</b>	<b>116</b>

**Table 3.1.3 Salaries, Overtime, Home Owners Allowance (HOA) and Medical Aid by programme for the period 1 April 2015 and 31 March 2016**

Programme	Total personnel cost per programme (R'000)	Salaries		Overtime		Home Owners Allowance		Medical assistance	
		Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical assistance as a % of personnel cost
Administration	41 690	26 920	65	764	2	732	2	972	2
Growth Path and Social Dialogue	22 276	14 805	67	28	0	84	0	390	2
Investment, Competition and Trade	15 432	11 223	73	4	0.0	40	0	192	1
<b>Total</b>	<b>79 398</b>	<b>52 948</b>	<b>67</b>	<b>796</b>	<b>1</b>	<b>856</b>	<b>1</b>	<b>1 554</b>	<b>2</b>





**Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2015 and 31 March 2016**

Salary band	Total personnel cost per salary band	Salaries		Overtime		Home Owners Allowance		Medical assistance	
		Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical assistance as a % of personnel cost
Skilled (Levels 3-5)	1 231	805	65	41	3	77	6	96	8
Highly skilled production (Levels 6-8)	9 132	6 258	69	390	4	376	4	440	5
Highly skilled supervision (Levels 9-12)	20 508	16 474	80	209	1	129	1	246	1
Senior management (Levels 13-16)	34 942	21 346	61	0	0	274	1	772	2
Contract (Levels 3-5)	654	540	83	77	12	0	0	0	0
Contract (Levels 6-8)	744	591	79	70	9	0	0	0	0
Contract (Levels 9-12)	3 076	2 786	91	9	0	0	0	0	0
Contract (Levels 13-16)	4 560	4 148	91	0	0	0	0	0	0
<b>Total</b>	<b>74 847</b>	<b>52 948</b>	<b>71</b>	<b>796</b>	<b>1</b>	<b>856</b>	<b>1</b>	<b>1 554</b>	<b>2</b>

### 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.

**Table 3.2.1 Employment and vacancies by programme as on 31 March 2016**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate %	Number of employees additional to the establishment
Administration	80	67	16	1
Economic Policy Development	18	13	28	1
Economic Planning and Coordination	31	27	13	0
Socio Economic Development and Social Dialogue	11	9	18	0
<b>Total</b>	<b>140</b>	<b>116</b>	<b>17</b>	<b>2</b>

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2016**

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate %	Number of employees additional to the establishment
Skilled Levels (3-5)	10	8	20	0
Highly skilled production Levels (6-8)	36	32	11	0
Highly skilled supervision Levels (9-12)	48	41	15	0
Senior management Levels (13-16)	46	35	24	2
<b>Total</b>	<b>140</b>	<b>116</b>	<b>17</b>	<b>2</b>

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2016**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate %	Number of employees additional to the establishment
Administrative related	25	22	12	0
Communication and information related	4	4	0	0
Economists	7	5	29	1
Finance and economics related	4	4	0	0
Financial and related professionals	9	7	22	0
Financial clerks and credit controllers	2	2	0	0
Food services aids and waiters	3	3	0	0
Head of Department / Chief Executive Officer	1	0	100	0
Human resources clerks	7	7	0	0
Human resources related	5	5	0	0
Information technology related	2	2	0	0
Light vehicle drivers	2	2	0	0



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate %	Number of employees additional to the establishment
Logistical support personnel	7	7	0	0
Material-recording and transport clerks	2	0	100	0
Messengers porters and deliverers	1	1	0	0
Other admin and related clerks and organisers	3	2	33	0
Other Occupations	2	0	100	0
Risk management and security services	1	1	0	0
Secretaries and other keyboard operating Clerks	3	2	33	0
Security officers	1	1	0	0
Senior managers	28	22	21	1
Statisticians and related Professionals	2	2	0	0
Trade/Industry advisers and other related professions	19	15	21	0
<b>Total</b>	<b>140*</b>	<b>116</b>	<b>17</b>	<b>2</b>

\*As a result of the adjustment in October 2015, EDD funded positions were reduced to 140 from 149.

### 3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2016

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	1	0	0	1	100
Salary Level 16	2	0	0	2	100
Salary Level 15	2	0	0	2	100
Salary Level 14	17	13	76	4	24
Salary Level 13	24	22	92	2	8
<b>Total</b>	<b>46</b>	<b>35</b>	<b>76</b>	<b>11</b>	<b>24</b>

**Table 3.3.2 SMS post information as on 30 September 2015**

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	1	0	0	1	100
Salary Level 16	2	0	0	2	100
Salary Level 15	2	0	0	2	100
Salary Level 14	21	13	62	8	38
Salary Level 13	25	22	88	3	12
<b>Total</b>	<b>51</b>	<b>35</b>	<b>69</b>	<b>16</b>	<b>31</b>

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2015 and 31 March 2016**

SMS Level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months after becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	2	2	0
Salary Level 13	2	2	0
<b>Total</b>	<b>4</b>	<b>4</b>	<b>0</b>

**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 01 April 2015 and 31 March 2016**

Reasons for vacancies not advertised within six months
The organisational structure was being aligned to the future work and needs of the Department

Reasons for vacancies not filled within six months
The organisational structure was being aligned to the future work and needs of the Department

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

Disciplinary steps taken
None



### 3.4 Job Evaluation

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

Salary Band	Number of posts	Number of jobs evaluated	% of posts evaluated	Number of posts upgraded	% of upgraded posts evaluated	Number of posts downgraded	% of downgraded posts evaluated
Contract (Levels 3-5)	2	2	100	2	100	0	0
Contract (Levels 6-8)	3	0	0	0	0	0	0
Contract (Levels 9-12)	3	0	0	0	0	0	0
Contract (Band A)	3	0	0	0	0	0	0
Contract (Band B)	1	0	0	0	0	0	0
Contract (Band C)	0	0	0	0	0	0	0
Contract (Band D)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	8	5	63	2	40	0	0
Highly skilled production (Levels 6-8)	33	10	30	4	40	1	10
Highly skilled supervision (Levels 9-12)	45	23	51	10	44	0	0
Senior Management Service Band A	21	0	0	0	0	0	0
Senior Management Service Band B	16	2	13	0	0	0	0
Senior Management Service Band C	2	2	100	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
<b>TOTAL</b>	<b>140</b>	<b>44</b>	<b>31</b>	<b>18</b>	<b>41</b>	<b>1</b>	<b>2.3</b>

**Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2015 and 31 March 2016**

Beneficiaries	African	Indian/Asian	Coloured	White	Total
Female	7	0	0	0	7
Male	4	0	0	0	4
<b>Total</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>
Employees with a disability					0



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

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	No of employees
Administrative	1	4	6	Transfer	
Administrative	1	11	12	Transfer	
Administrative	1	11	12	Retention	
Administrative	1	11	13	Retention	
Administrative	1	12	13	Retention	
Financial and related professionals	1	12	13	Retention	
<b>Total</b>	<b>6</b>				<b>116</b>
Percentage of total employment (%)	5.17				

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

Beneficiaries	African	Indian/Asian	Coloured	White	Total
Female	0	1	1	0	2
Male	4	0	0	0	4
<b>Total</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>6</b>

Total number of employees whose salaries exceeded the grades determine by job evaluation	None
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### 3.5 Employment Changes

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

Salary band	Number of employees at beginning of period April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	% Turnover rate
Skilled (Levels 3-5)	10	0	0	0
Highly skilled production (Levels 6-8)	33	2	5	15
Highly skilled supervision (Levels 9-12)	44	7	8	18
Senior Management Service Band A	21	5	3	14
Senior Management Service Band B	13	4	5	38
Senior Management Service Band C	1	0	1	100
Senior Management Service Band D	0	0	0	0
<b>Total</b>	<b>122</b>	<b>18</b>	<b>22</b>	<b>18</b>



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

Critical occupation	Number of employees at the beginning of period April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	% Turnover rate
Administrative related	25	1	3	12
Finance and economics related	3	0	0	0
Financial and related professionals	8	3	3	38
Financial clerks and credit controllers	2	0	0	0
Food services aids and waiters	3	0	0	0
Head of department/Chief Executive Officer	0	0	0	0
Human resources clerks	7	0	0	0
Human resources related	5	0	0	0
Information technology related	2	0	0	0
Legal related	0	0	0	0
Light vehicle drivers	2	0	0	0
Logistical support personnel	6	1	0	0
Material recording and transport clerks	0	0	0	0
Communication and information related	4	1	0	0
Other admin and related clerks and organisers	3	0	1	33
Risk management and security services	1	0	0	0
Secretaries and other keyboard operating clerks	3	0	1	33
Security officers	1	1	1	100
Senior managers	30	8	8	27
Statisticians and related professionals	2	0	0	0
Messenger services	1	0	0	0
Economist and other related professionals	4	0	0	0
Trade/industry advisors & other related profession	10	3	5	50
<b>Total</b>	<b>122</b>	<b>18</b>	<b>22</b>	<b>18</b>

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

Termination Type	Number	% of Total Terminations
Death	0	0
Resignation	11	50
Expiry of contract	4	18
Dismissal – misconduct	0	0
Retirement	0	0
Transfer to other Public Service Departments	7	32
<b>Total</b>	<b>22</b>	<b>100</b>
<b>Total number of employees who left as a % of total employment</b>		<b>18</b>

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

Occupation	Employees April 2015	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	25	0	0	16	64
Finance and economics related	3	0	0	2	67
Financial and related professionals	8	0	0	6	75
Financial clerks and credit controllers	2	0	0	2	100
Food services aids and waiters	3	0	0	3	100
Head of department/chief executive officer	0	0	0	0	0
Human resources clerks	7	0	0	6	86
Human resources related	5	0	0	3	60
Information technology related	2	0	0	2	100
Legal related	0	0	0	0	0
Light vehicle drivers	2	0	0	1	50
Logistical support personnel	6	0	0	5	83
Material recording and transport clerks	0	0	0	0	0
Communication and information related	4	0	0	2	50
Other admin and related clerks and organisers	3	0	0	2	67
Risk management and security services	1	0	0	1	100
Secretaries and other keyboard operating clerks	3	0	0	0	0
Security officers	1	0	0	0	0
Senior managers	30	0	0	19	63
Statisticians and related professionals	2	0	0	0	0
Messenger services	1	0	0	0	0
Economist and other related professionals	4	0	0	1	25
Trade/industry advisors and other related profession	10	0	0	7	70
<b>Total</b>	<b>122</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>64</b>



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

Salary Band	Employees April 2015	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
Skilled (Levels 3-5)	10	0	0	8	80
Highly skilled production (Levels 6-8)	33	0	0	26	79
Highly skilled supervision (Levels 9-12)	44	0	0	25	57
Senior Management (Level 13-16)	35	0	0	19	54
<b>Total</b>	<b>122</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>64</b>

### 3.6 Employment Equity

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

Occupational category	Male					Female					Total
	African	Coloured	Indian/Asian	Total Black	White	African	Coloured	Indian/Asian	Total blacks	White	
Legislators, senior officials and managers	8	0	1	9	0	10	1	0	11	2	22
Professionals	19	1	1	21	3	16	1	0	17	3	44
Technicians and associate professionals	8	0	0	8	0	20	3	1	24	0	32
Clerks	4	0	0	4	0	8	0	0	8	0	12
Plant and machine operators and assemblers	3	0	0	3	0	0	0	0	0	0	3
Labourers and related workers	0	0	0	0	0	3	0	0	3	0	3
Service shop and market sales workers	1	0	0	1	0	1	0	0	1	0	2
<b>Total</b>	<b>43</b>	<b>1</b>	<b>2</b>	<b>46</b>	<b>3</b>	<b>58</b>	<b>5</b>	<b>1</b>	<b>64</b>	<b>5</b>	<b>118*</b>
Employees with disabilities	1	0	0	1	0	2	0	0	2	0	3

\*The table includes two officials who have been appointed additional to the establishment



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

Occupational band	Male					Female					Total
	African	Coloured	Indian/Asian	Total Black	White	African	Coloured	Indian/Asian	Total blacks	White	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	13	1	1	15	1	11	1	0	12	3	31
Professionally qualified and experienced specialists and mid-management	15	0	0	15	1	11	2	1	14	0	30
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	9	0	0	9	0	25	2	0	27	1	37
Semi-skilled and discretionary decision making	2	0	0	2	0	4	0	0	4	0	6
Contract (Top Management )	0	0	0	0	0	0	0	0	0	0	0
Contract (Senior Management)	1	0	1	2	1	3	0	0	3	1	7
Contract (Professionally qualified and experienced specialists and mid-management)	0	0	0	0	0	2	0	0	2	0	2
Contract (Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents)	1	0	0	1	0	2	0	0	2	0	3
Contract (Semi-skilled and discretionary decision making)	2	0	0	2	0	0	0	0	0	0	2
<b>Total</b>	<b>43</b>	<b>1</b>	<b>2</b>	<b>46</b>	<b>3</b>	<b>58</b>	<b>5</b>	<b>1</b>	<b>64</b>	<b>5</b>	<b>118*</b>

\*The table includes two officials who have been appointed additional to the establishment



Table 3.6.3 Recruitment for the period 1 April 2015 to 31 March 2016

Occupational band	Male					Female					Total
	African	Coloured	Indian/ Asian	Total blacks	White	African	Coloured	Indian/ Asian	Total blacks	White	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	4	0	1	5	1	1	0	0	1	2	9
Professionally qualified and experienced specialists and mid-management	3	0	0	3	0	3	0	0	3	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	1	0	1	1	0	2	0	3
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>0</b>	<b>1</b>	<b>9</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>6</b>	<b>2</b>	<b>18</b>
Employees with disabilities	0	0	0	0	0	1	0	0	1	0	1



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

Occupational band	Male					Female					Total
	African	Coloured	Indian/Asian	Total blacks	White	African	Coloured	Indian/Asian	Total blacks	White	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0





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

Occupational band	Male					Female					Total
	African	Coloured	Indian/Asian	Total blacks	White	African	Coloured	Indian/Asian	Total blacks	White	
Top Management	0	0	0	0	0	0	0	0	0	1	1
Senior Management	1	0	0	1	2	2	1	0	3	2	8
Professionally qualified and experienced specialists and mid-management	2	0	0	2	0	5	0	0	5	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	1	0	5	0	0	5	0	6
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>2</b>	<b>12</b>	<b>1</b>	<b>0</b>	<b>13</b>	<b>3</b>	<b>22</b>
Employees with Disabilities	0	0	0	0	0	0	0	0	0	0	0

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

Disciplinary action	Male				Female				Total
	African	Coloured	Indian/Asian	White	African	Coloured	Indian/Asian	White	
Misconduct	3	1	0	0	2	0	0	0	6

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

Occupational category	Male				Female				Total
	African	Coloured	Indian/Asian	White	African	Coloured	Indian/Asian	White	
Legislators, senior officials and managers	3	0	0	0	4	0	0	0	7
Professionals	1	0	0	1	3	0	0	0	5
Technicians and associate professionals	2	0	0	0	13	1	0	0	16
Clerks	2	0	0	0	3	0	0	0	5
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
<b>Total</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>23</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>33</b>
Employees with disabilities	0	0	0	0	1	0	0	0	2

Notes:

\*Three (3) Interns attended the Project Management in November 2015

\*Three (3) Interns attended Monitoring and Evaluation training in December 2015

\*One (1) Intern attended Records Management training in February 2016

\*Six (6) Interns attended Excel Training in March 2016

\*Sixteen (16) SMS members attended the PMDS training offered by DPSA in February 2016

\*Twenty Seven (27) Non-SMS members attended the PMDS Training offered by the Department in collaboration with DPSA in March 2016.

### 3.7 Signing of Performance Agreements By Sms Members

**Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2015**

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	2	0	0	0
Salary Level 15	2	1	1	100
Salary Level 14	21	13	13	100
Salary Level 13	25	21	18	86
<b>Total</b>	<b>51</b>	<b>35</b>	<b>32</b>	<b>91</b>



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

Reasons
Three officials submitted unsigned Performance Agreements before 31 May 2015 which were signed after 31 May because the Department was in the process of re-organising the work of the Department and the reporting lines

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

Reasons
None

### 3.8 PERFORMANCE REWARDS

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

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African					
Male	11	43	26	234	21
Female	33	57	58	596	18
Asian	0	0	0	0	0
Male	0	2	0	0	0
Female	1	1	100	28	28
Coloured	0	0	0	0	0
Male	0	1	0	0	0
Female	0	5	0	0	0
White	0	0	0	0	0
Male	0	3	0	0	0
Female	0	4	0	0	0
Employees with disabilities	2	2	100	12	6
<b>Total</b>	<b>45</b>	<b>116</b>	<b>39</b>	<b>870</b>	<b>19.3</b>

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

Salary band	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee (R'000)
Skilled (Levels 3-5)	7	8	88	47	6.7
Highly skilled production (Levels 6-8)	21	29	72	306	14.6
Highly skilled supervision (Levels 9-12)	17	27	63	518	30.4
<b>Total</b>	<b>45</b>	<b>64</b>	<b>70</b>	<b>871</b>	<b>19.3</b>



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

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee (R'000)
Administrative related	11	22	50	201	18
Communication and information related	1	4	25	16	16
Economists	0	5	0	0	0
Finance and economics related	1	4	25	33	33
Financial and related professionals	6	7	86	133	22
Financial clerks and credit controllers	2	2	100	29	15
Food services aids and waiters	3	3	100	18	6
Head of Department / Chief Executive Officer	0	0	0	0	0
Human resources clerks	4	7	57	32	8
Human resources related	2	5	40	51	26
Information technology related	1	2	50	21	21
Light vehicle drivers	1	2	50	8	8
Logistical support personnel	4	7	57	45	11
Material-recording and transport clerks	0	0	0	0	0
Messengers porters and deliverers	1	1	100	14	14
Other admin and related clerks and organisers	1	2	50	14	14
Other occupations	0	0	0	0	0
Risk management and security services	1	1	100	32	32
Secretaries and other keyboard operating clerks	0	2	0	0	0
Security officers	0	1	0	0	0
Senior managers	3	22	14	189	63
Statisticians and related professionals	0	2	0	0	0
Trade/ Industry advisers and other related professions	6	15	40	223	37
<b>Total</b>	<b>48</b>	<b>116</b>	<b>41</b>	<b>1 059</b>	<b>22</b>



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

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Band A	1	10	10	85	85	11
Band B	2	9	22	103	52	13
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>19</b>	<b>16</b>	<b>188</b>	<b>63</b>	<b>24</b>

### 3.9 Foreign Workers

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

Salary band	1 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled supervision (Levels 9-12)	2	33	1	17	1	50
Senior managers (Levels 13-16)	3	50	3	50	0	0
Contract – Highly skilled supervision (Levels 9-12)	1	17	0	0	1	100
Contract – Senior managers (Levels 13-16)	0	0.00	2	33	2	100
<b>Total</b>	<b>6</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>4</b>	<b>67</b>

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

Major occupation	1 April 2015		31 January 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
Senior managers	3	50	5	84	2	40
Other professionals	3	50	1	17	2	100
<b>Total</b>	<b>6</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>4</b>	<b>67</b>



### 3.10 Leave Utilisation

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

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)	Total number of employees using sick leave	Total number of days with medical certification
Skilled (Levels 3-5)	72	92	6	6	12	42	103	66
Highly skilled production (Levels 6-8)	263	81	30	29	9	289	103	214
Highly skilled supervision (Levels 9 -12)	185	57	32	31	6	286	103	106
Top and senior management (Levels 13-16)	178	75	25	24	7	604	103	134
Contract (Levels 1-2)	6	67	1	1	6	1	103	4
Contract (Levels 3-5)	19	84	2	2	10	13	103	16
Contract (Levels 6-8)	13	77	2	2	7	9	103	10
Contract (Levels 9-12)	16	94	2	2	8	33	103	15
Contracts (Level 13-16)	13	77	3	3	4	50	103	10
<b>Total</b>	<b>765</b>	<b>75</b>	<b>103</b>	<b>100</b>	<b>7</b>	<b>1 427</b>	<b>103</b>	<b>575</b>





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

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)	Total number of days with medical certification	Total number of employees using disability leave
Highly skilled production (Levels 6-8)	9	100	1	17	9	8	9	6
Highly skilled supervision (Levels 9-12)	3	100	1	17	3	9	3	6
Senior management (Levels 13-16)	37	100	4	67	9	128	37	6
<b>Total</b>	<b>49</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>8</b>	<b>145</b>	<b>49</b>	<b>6</b>

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

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Skilled (Levels 3-5)	142	20	7
Highly skilled production (Levels 6-8)	759	24	32
Highly skilled supervision(Levels 9-12)	759	19	40
Senior management (Levels 13-16)	767	20	38
Contract (Levels 1-2)	35	18	2
Contract (Levels 3-5)	37	19	2
Contract (Levels 6-8)	53	18	3
Contracts (Levels 9-12)	94	16	6
Contracts (Levels 13-16)	61	12	5
Not available	8	4	2
<b>Total</b>	<b>2 714</b>	<b>20</b>	<b>137</b>

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

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 of 31 March 2015
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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.10.5 Leave pay-outs for the period 1 April 2015 and 31 March 2016**

Reason	Total Amount (R'000)	Number of employees	Average payment per employee (R)
Leave pay-out for 2015/16 due to non-utilisation of leave for the previous cycle	73	2	36 500
Capped leave pay-outs on termination of service for 2015/16	230	8	28 750
Current leave pay-out on termination of service for 2015/16	157	8	19 625
<b>TOTAL</b>	<b>460</b>	<b>18</b>	<b>25 556</b>

### 3.11 HIV/AIDS and Health Promotion Programmes

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

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	All employees have received training on HIV/AIDS as part of the Health and Wellness Programme.



Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes

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.	x		Director: Human Resource Management. Employee Health and Wellness resides in the sub-Directorate: Human Resource Policy and Planning within the Directorate: 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.	x		The sub-Directorate: Human Resource Policy and Planning which is assigned with the responsibility to promote the health and well-being of EDD employees.
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.	x		The EDD has procured the services of ICAS. The key elements of the service are counselling including on health and wellness, relationships and financial issues; and consultation and telephonic services available 24/7. Information sessions/ workshops are available and desk drops (information pieces on health and wellness themes) are provided to employees on a regular basis.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		x	The Health and Wellness Committee has been established in the Department, and became dormant with the departure of the majority of its committee members.
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.	x		HIV/AIDS Policy has been reviewed. It is currently at the consultation stage with collective labour at the Departmental chamber.
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.	x		The measures are guided by the code of conduct, Employee Health and Wellness Policy, Employment Equity Policy, Working Hour Policy, Leave Policy.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Opportunities for voluntary counselling and testing are created during wellness days and information sessions held in partnership with GEMS and ICAS.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		GEMS Wellness day reports and ICAS quarterly reports.



### 3.12 Labour Relations

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

Total number of Collective agreements	None
---------------------------------------	------

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

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	2	33
Written warning	3	50
Final written warning	1	170
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
<b>Total</b>	<b>6</b>	<b>100</b>

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

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

Type of misconduct	Number	% of total
Gross Dishonesty: Fails to comply with or contravenes an Act	01	100
<b>Total</b>	<b>01</b>	<b>100</b>

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

Grievances	Number	% of Total
Number of grievances resolved	13	45
Number of grievances not resolved	16	55
<b>Total number of grievances lodged</b>	<b>29</b>	<b>100</b>

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

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	1	100
<b>Total number of disputes lodged</b>	<b>1</b>	<b>100</b>

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

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



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

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

### 3.13 Skills Development

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

Occupational category	Gender	Number of employees as at 1 April 2015	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	13	0	21	0	21
	Male	8	0	12	0	12
Professionals	Female	21	0	19	0	19
	Male	22	0	12	0	12
Technicians and associate professionals	Female	27	0	17	0	17
	Male	7	0	7	0	7
Clerks	Female	12	0	6	0	6
	Male	4	0	3	0	3
Service shop and market sales workers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	3	0	0	0	0
Labourers and related workers	Female	3	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	76	0	63	0	63
	Male	46	0	34	0	34
<b>Total</b>		<b>122</b>	<b>0</b>	<b>97</b>	<b>0</b>	<b>97</b>

**Table 3.13.2 Training provided for the period 1 April 2015 and 31 March 2016**

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	13	0	4	2	6
	Male	8	0	4	2	6
Professionals	Female	21	0	3	2	5
	Male	22	0	2	2	4
Technicians and associate professionals	Female	27	0	4	2	6
	Male	7	0	1	2	3
Clerks	Female	12	0	1	2	3
	Male	4	0	2	2	4
Service shop and market sales workers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	3	0	0	0	0
Labourers and related workers	Female	3	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	76	0	12	0	0
	Male	46	0	9	0	0
<b>Total</b>		<b>122</b>	<b>0</b>	<b>21</b>	<b>16</b>	<b>37</b>

**Notes:**

\*Three (3) Interns attended the Project Management in November 2015

\*Three (3) Interns attended Monitoring and Evaluation training in December 2015

\* One (1) Intern attended Records Management training in February 2016

\*Six (6) Interns attended Excel Training in March 2016

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

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
<b>Total</b>	<b>0</b>	<b>0</b>





### 3.15 Utilisation of Consultants

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

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Not applicable, as no consultants were appointed using appropriated funds in the year under review	-	-	-

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

Project title	(%) ownership by HDI groups	(%) management by HDI groups	Number of consultants from HDI groups that work on the project
Not applicable, as there were no consultants appointed using appropriated funds in the year under review	-	-	-

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

Project title	Total Number of consultants that worked on project	Duration (work days)	Donor and contract value in Rand
Not applicable, as no consultants were appointed using donor funds in the year under review	-	-	-

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

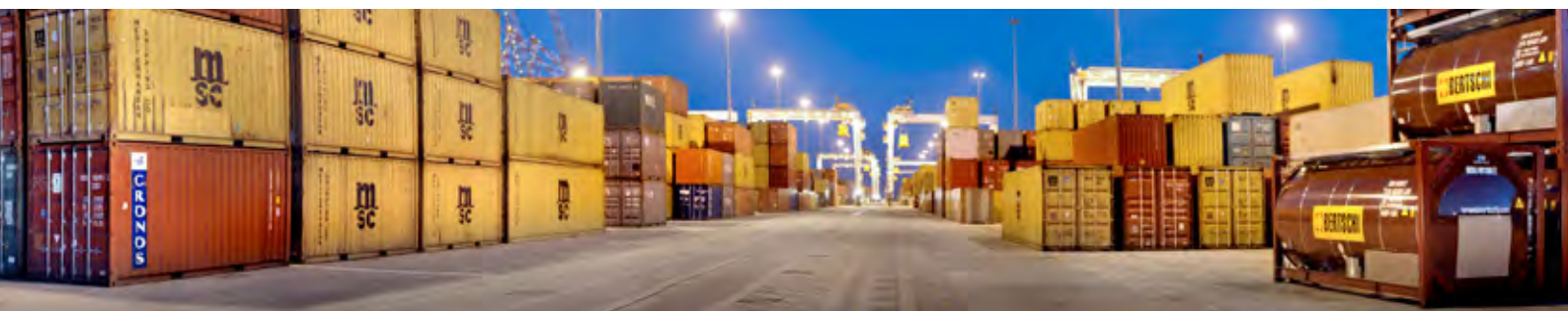
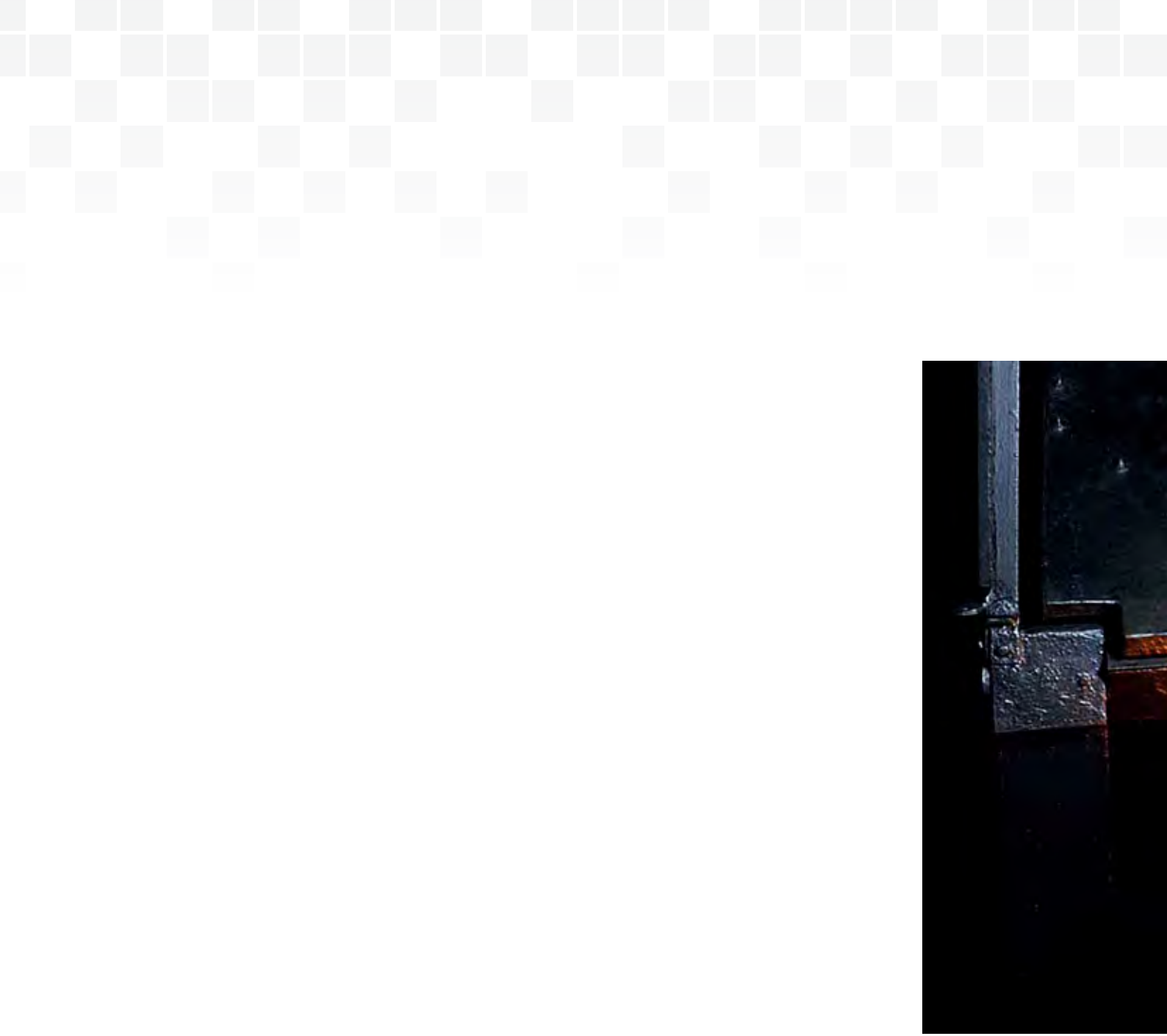
Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Not applicable, as there were no consultants appointed using donor funds in the year under review	-	-	-



### 3.16 Severance Packages

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

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





# PART E

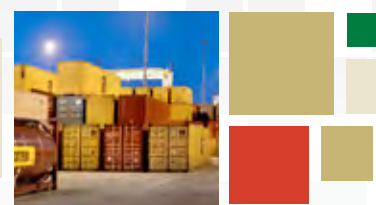
## Financial Information



# **ANNUAL FINANCIAL STATEMENTS**

**Vote 25: For the year ended  
31 March 2016**

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## **Report of the Auditor-General to Parliament on vote no. 25: Economic Development Department**

### **Report on the financial statements**

#### **Introduction**

1. I have audited the financial statements of the Economic Development Department set out on pages 100 to 158, which comprise the appropriation statement, the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

#### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), 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.

#### **Auditor-General's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether

the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Economic Development Department as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the requirements of the MCS and the requirements of the PFMA.

#### **Additional**

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

#### **Unaudited supplementary information**

7. The supplementary information set out on pages 159 to 173 does not form part of the financial statements and is presented as additional



information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

## **Report on other legal and regulatory requirements**

8. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

### **Predetermined objectives**

9. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2016:
- Programme two (2): Growth path and social dialogue on pages 43 to 47
  - Programme three (3): Investments, competition and trade on pages 47 to 52
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes.

I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. The material findings in respect of the selected programmes are as follows:

### **Programme: Growth path and social dialogue (2)**

#### **Usefulness of reported performance information**

13. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance and measurable. Important targets were not specific and measurable. The FMPPI also requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. Important indicators were not well defined.

#### **Reliability of reported performance information**

14. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not reliable when compared to the source information.



### **Programme: Investment, competition and trade (3)**

#### Usefulness of reported performance information

15. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. Important indicators were not well defined.

#### Reliability of reported performance information

16. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not reliable when compared to the source information.

#### **Additional matter**

17. I draw attention to the following matter:

#### Achievement of planned targets

18. Refer to the annual performance report on pages 38 to 55 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 13; 14; 15 and 16 of this report.

#### **Compliance with legislation**

19. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific

matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

#### **Financial statements, performance and annual reports**

20. The financial statements submitted for auditing were not prepared in all material respects in accordance with the prescribed 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 subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### **Internal control**

21. I considered internal controls relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on annual performance report and compliance with legislation included in this report.

#### **Leadership**

22. Cognisance is taken that it is not always possible to plan specific, quantitative and detailed projects upfront as a result of the dynamic nature of the economy, which has an impact on the department's activities and performance environment. However, leadership did not exercise adequate oversight responsibility in certain instances on related internal controls relating to performance reporting as technical indicator descriptions and standard operating procedures were not aligned to the requirements of Framework for Strategic Plans and Annual Performance Plans.



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## **Financial and performance management**

23. Management did not adequately implement certain internal controls to allow it to prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.

*Auditor-General*

**Pretoria**  
**31 July 2016**



**A U D I T O R - G E N E R A L**  
**S O U T H A F R I C A**

*Auditing to build public confidence*



## Appropriation Statement for the Year Ended 31 March 2016

Appropriation per programme									
Voted funds and Direct charges	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Programme</b>	83 223	-	-	83 223	83 144	79	99.9%	88 077	87 419
1. ADMINISTRATION									
2. GROWTH PATH AND SOCIAL DIALOGUE	27 889	-	-	27 889	26 705	1 184	95.8%	22 284	22 042
3. INVESTMENT, COMPETITION AND TRADE	774 666	-	-	774 666	773 884	782	99.9%	586 500	585 452
<b>TOTAL</b>	<b>885 778</b>	<b>-</b>	<b>-</b>	<b>885 778</b>	<b>883 733</b>	<b>2 045</b>	<b>99.8%</b>	<b>696 860</b>	<b>694 912</b>
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				50 296				50 367	
Aid assistance				5 682				4 012	
Actual amounts per Statement of Financial Performance (Total Revenue)				941 856				751 239	
Add: Aid assistance					5 682				4 012
Actual amounts per Statement of Financial Performance Expenditure					889 415				698 924



Appropriation per economic classification									
	2015/16							2014/15	
	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
<b>Current payments</b>	140 866	(10 435)	-	130 430	128 386	2 045	98.4%	118 151	116 256
Compensation of employees	87 815	(8 281)	-	79 534	79 398	136	99.8%	76 560	75 688
Salaries and wages	87 815	(16 294)	-	71 521	71 385	136	99.8%	69 065	68 208
Social contributions	-	8 013	-	8 013	8 013	-	100.0%	7 495	7 480
Goods and services	53 051	(2 154)	-	50 897	48 988	1 909	96.2%	41 591	40 567
Administrative fees	392	455	-	847	794	53	93.7%	526	525
Advertising	10 714	(8 009)	-	2 705	2 705	-	100.0%	6 139	6 138
Minor assets	124	65	-	189	174	15	92.1%	69	62
Audit costs: External	3 430	(761)	-	2 669	2 669	-	100.0%	3 037	3 037
Bursaries: Employees	274	(65)	-	209	209	-	100.0%	97	97
Catering: Departmental activities	352	1 003	-	1 355	1 351	4	99.7%	410	410
Communication (G&S)	1 003	246	-	1 249	1 130	119	90.5%	1 471	1 471
Computer services	52	282	-	334	326	8	97.6%	1 611	1 609
Consultants: Business and advisory services	9 067	(7 543)	-	1 524	832	692	54.6%	373	372
Legal services	3 584	3 052	-	6 636	6 636	-	100.0%	3 629	3 355
Contractors	138	322	-	460	460	-	100.0%	261	240
Agency and support / outsourced services	29	(8)	-	21	21	-	100.0%	252	202
Entertainment	-	-	-	-	-	-	-	9	9
Fleet services (including government motor transport)	737	180	-	917	917	-	100.0%	1 085	1 086



**PART E – Financial Information**  
**Economic Development Department Vote 25**



Appropriation per economic classification									
	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	430	429
Inventory: Material and supplies	14	(14)	-	-	-	-	-	10	9
Inventory: Other supplies	17	(17)	-	-	-	-	-	4	4
Consumable supplies	40	59	-	99	98	1	99.0%	104	95
Consumable: Stationery, printing and office supplies	1 332	(433)	-	899	703	196	78.2%	1 033	1 028
Operating leases	9 446	1 478	-	10 924	10 924	-	100.0%	9 185	9 185
Transport provided: Departmental activity	-	55	-	55	55	-	100.0%	1	1
Travel and subsistence	9 715	1 753	-	11 471	11 295	173	98.5%	10 200	9 561
Training and development	110	238	-	348	348	-	100.0%	221	221
Operating payments	789	314	-	1 103	987	116	89.5%	1 080	1 068
Venues and facilities	1 692	5 103	-	6 795	6 263	532	92.2%	344	344
Rental and hiring	-	90	-	90	90	-	100.0%	10	10



Appropriation per economic classification									
	2015/16							2014/15	
	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
<b>Transfers and subsidies</b>	742 326	8 070	-	750 396	750 396	-	100.0%	575 945	575 945
Departmental agencies and accounts	330 848	8 000	-	338 848	338 848	-	100.0%	306 820	306 820
Departmental agencies (non-business entities)	330 848	8 000	-	338 848	338 848	-	100.0%	306 820	306 820
Public corporations and private enterprises	411 397	-	-	411 397	411 397	-	100.0%	268 845	268 845
Public corporations	406 397	-	-	406 397	406 397	-	100.0%	268 845	268 845
Other transfers to public corporations	406 397	-	-	406 397	406 397	-	100.0%	268 845	268 845
Private enterprises	5 000	-	-	5 000	5 000	-	100.0%	-	-
Other transfers to private enterprises	5 000	-	-	5 000	5 000	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	60	60
Households	81	70	-	151	151	-	100.0%	220	220
Social benefits	81	70	-	151	151	-	100.0%	-	-
Other transfers to households	-	-	-	-	-	-	-	220	220
<b>Payments for capital assets</b>	2 584	2 365	-	4 949	4 949	-	100.0%	2 764	2 712
Machinery and equipment	2 094	1 289	-	3 383	3 383	-	100.0%	2 764	2 712
Other machinery and equipment	2 094	1 289	-	3 383	3 383	-	100.0%	2 764	2 712
Software and other intangible assets	490	1 076	-	1 566	1 566	-	100.0%	-	-
<b>Payment for financial assets</b>	2	-	-	2	2	-	100.0%	-	-
	885 778	-	-	885 778	883 733	2 045	99.8%	696 860	694 912

**PART E – Financial Information**  
**Economic Development Department Vote 25**



Programme 1: ADMINISTRATION									
	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. MINISTRY	20 582	(419)	-	20 163	20 160	3	100.0%	20 422	19 829
2. OFFICE OF THE DIRECTOR GENERAL	9 312	5 266	-	14 578	14 578	-	100.0%	12 611	12 583
3. CORPORATE MANAGEMENT SERVICES	41 523	(4 905)	-	36 618	36 618	-	100.0%	55 044	55 008
4. FINANCIAL MANAGEMENT	11 806	58	-	11 864	11 788	76	99.4%	-	-
	83 223	-	-	83 223	83 144	79	99.9%	88 077	87 419
<b>Economic classification</b>									
<b>Current payments</b>	<b>80 917</b>	<b>(805)</b>	<b>-</b>	<b>80 112</b>	<b>80 033</b>	<b>79</b>	<b>99.9%</b>	<b>75,149</b>	<b>74 498</b>
Compensation of employees	42 816	(1 047)	-	41 769	41 690	79	99.8%	39 575	39 534
Salaries and wages	42 816	(5 455)	-	37 361	37 282	79	99.8%	35 337	35 312
Social contributions	-	4 408	-	4 408	4 408	-	100.0%	4 238	4 222
Goods and services	38 101	242	-	38 343	38 343	-	100.0%	35 574	34 964
Administrative fees	237	470	-	707	707	-	100.0%	246	245
Advertising	10 714	(10,223)	-	491	491	-	100.0%	6 139	6 138
Minor assets	89	83	-	172	172	-	100.0%	65	62
Audit costs: External	3 430	(761)	-	2 669	2 669	-	100.0%	3 037	3 037
Bursaries: Employees	274	(65)	-	209	209	-	100.0%	97	97
Catering: Departmental activities	72	124	-	196	196	-	100.0%	115	115
Communication (G&S)	778	276	-	1 054	1 054	-	100.0%	1 287	1 287
Computer services	28	282	-	310	310	-	100.0%	377	375
Consultants: Business and advisory services	410	156	-	566	566	-	100.0%	352	351
Legal services	3 584	3 052	-	6 636	6 636	-	100.0%	3 355	3 355



Programme 1: ADMINISTRATION									
	2015/16							2014/15	
	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
Contractors	138	(31)	-	107	107	-	100.0%	161	157
Agency and support / outsourced services	29	(8)	-	21	21	-	100.0%	202	202
Entertainment	-	-	-	-	-	-	-	9	9
Fleet services (including government motor transport)	723	175	-	898	898	-	100.0%	1 072	1 073
Inventory: Materials and supplies	14	(14)	-	-	-	-	-	10	9
Inventory: other supplies	17	(17)	-	-	-	-	-	-	-
Consumable supplies	36	55	-	91	91	-	100.0%	97	88
Consumable: Stationery, printing and office supplies	919	(328)	-	591	591	-	100.0%	971	968
Operating leases	9 446	1 478	-	10 924	10 924	-	100.0%	9 185	9 185
Travel and subsistence	6 586	2 368	-	8 954	8 954	-	100.0%	7 642	7 058
Training and development	110	238	-	348	348	-	100.0%	221	221
Operating payments	459	363	-	822	822	-	100.0%	872	871
Venues and facilities	8	2 479	-	2 489	2 489	-	100.0%	62	62
Rental and hiring	-	90	-	90	90	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>60</b>	<b>1</b>	<b>-</b>	<b>61</b>	<b>61</b>	<b>-</b>	<b>100.0%</b>	<b>10 487</b>	<b>10 487</b>
Departmental agencies and accounts	-	-	-	-	-	-	-	10 408	10 408
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	10 408	10 408
Households	60	1	-	61	61	-	100.0%	79	79
Social benefits	60	1	-	61	61	-	100.0%	-	-
Other transfers to households	-	-	-	-	-	-	-	79	79
<b>Payments for capital assets</b>	<b>2 244</b>	<b>804</b>	<b>-</b>	<b>3 048</b>	<b>3 048</b>	<b>-</b>	<b>100.0%</b>	<b>2 441</b>	<b>2 434</b>

**PART E – Financial Information**  
**Economic Development Department Vote 25**



Programme 1: ADMINISTRATION									
	2015/16							2014/15	
	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
Machinery and equipment	1 754	1 223	-	2 977	2 977	-	100.0%	2 441	2 434
Other machinery and equipment	1 754	1 223	-	2 977	2 977	-	100.0%	2 441	2 434
Software and other intangible assets	490	(419)	-	71	71	-	100.0%	-	-
<b>Payment for financial assets</b>	2	-	-	2	2	-	100.0%	-	-
	83 223	-	-	83 223	83 144	79	99.9%	88 077	87 419



Sub programme: 1.1: MINISTRY									
	2015/16							2014/15	
	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	20 318	(489)	-	19 829	19 826	3	100.0%	20 201	19 608
Compensation of employees	13 111	(759)	-	12 352	12 349	3	100.0%	11 833	11 823
Salaries and wages	13 111	(1 902)	-	11 209	11 206	3	100.0%	10 664	10 664
Social contributions	-	1 143	-	1 143	1 143	-	100.0%	1 169	1 160
Goods and services	7 407	270	-	7 477	7 477	-	100.0%	8 368	7 785
Administrative fees	115	21	-	136	136	-	100.0%	158	158
Advertising	-	-	-	-	-	-	-	8	8
Minor assets	25	(25)	-	-	-	-	-	-	-
Catering: Departmental activities	17	10	-	27	27	-	100.0%	54	54
Communication (G&S)	525	(8)	-	517	517	-	100.0%	527	527
Contractors	3	-	-	3	3	-	100.0%	30	27
Entertainment	-	-	-	-	-	-	-	9	9
Fleet services (including government motor transport)	527	103	-	630	630	-	100.0%	369	369
Inventory: Materials and supplies	12	(12)	-	-	-	-	-	6	6
Inventory: Other supplies	17	(17)	-	-	-	-	-	-	-
Consumable supplies	14	19	-	33	33	-	100.0%	47	42
Consumable: Stationery, printing and office supplies	504	(178)	-	326	326	1	99.7%	589	589
Travel and subsistence	5 256	281	-	5 537	5 537	-	100.0%	6 293	5 719
Operating payments	184	66	-	250	250	-	100.0%	217	217
Venues and facilities	8	10	-	18	18	-	100.0%	62	62
Transfers and subsidies	-	-	-	-	-	-	-	9	9
Households	-	-	-	-	-	-	-	9	9



**PART E – Financial Information**  
**Economic Development Department Vote 25**



Sub programme: 1.1: MINISTRY

	2015/16							2014/15	
	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
Other transfers to households	-	-	-	-	-	-	-	9	9
Payments for capital assets	264	70	-	334	334	-	100.0%	212	212
Machinery and equipment	264	70	-	334	334	-	100.0%	212	212
Other machinery and equipment	264	70	-	334	334	-	100.0%	212	212
<b>Total</b>	<b>20 582</b>	<b>(419)</b>	<b>-</b>	<b>20 163</b>	<b>20 160</b>	<b>3</b>	<b>100.0%</b>	<b>20 422</b>	<b>19 829</b>



Sub programme: 1.2: OFFICE OF THE DIRECTOR GENERAL

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 179	5 276	-	14 455	14 455	-	100.0%	12 471	12 445
Compensation of employees	8 257	15	-	8 272	8 272	-	100.0%	8 624	8 607
Salaries and wages	8 257	(775)	-	7 482	7 482	-	100.0%	7 831	7 815
Social contributions	-	790	-	790	790	-	100.0%	793	792
Goods and services	922	5 261	-	6 183	6 183	-	100.0%	3 847	3 838
Administrative fees	17	441	-	458	458	-	100.0%	19	19
Advertising	10	(10)	-	-	-	-	-	-	-
Minor assets	5	(5)	-	-	-	-	-	-	-
Catering: Departmental activities	10	117	-	127	127	-	100.0%	10	10
Communication (G&S)	16	4	-	20	20	-	100.0%	57	57
Computer services	-	15	-	15	15	-	100.0%	24	24
Consultants: Business and advisory services	183	(29)	-	154	154	-	100.0%	191	191
Contractors	10	(10)	-	-	-	-	-	-	-
Fleet services (including government motor transport)	15	3	-	18	18	-	100.0%	9	9
Consumable supplies	7	(2)	-	5	5	-	100.0%	25	24
Consumable: Stationery, printing and office supplies	70	(19)	-	52	52	-	100.0%	30	30
Travel and subsistence	551	2 188	-	2 739	2 739	-	100.0%	582	575
Operating payments	27	8	-	35	35	-	100.0%	188	188
Venues and facilities	-	2 469	-	2 469	2 469	-	100.0%	-	-
Rental and hiring	-	90	-	90	90	-	100.0%	-	-
Transfers and subsidies	32	-	-	32	32	-	100.0%	13	13

**PART E – Financial Information**  
**Economic Development Department Vote 25**



Sub programme: 1.2: OFFICE OF THE DIRECTOR GENERAL

Economic classification	2015/16							2014/15	
	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
Households	32	-	-	32	32	-	100.0%	13	13
Social benefits	32	-	-	32	32	-	100.0%	-	-
Other transfers to households	-	-	-	-	-	-	-	13	13
Payments for capital assets	101	(10)	-	91	91	-	100.0%	127	125
Machinery and equipment	101	(10)	-	91	91	-	100.0%	127	125
Other machinery and equipment	101	(10)	-	91	91	-	100.0%	127	125
<b>Total</b>	<b>9 312</b>	<b>5 266</b>	<b>-</b>	<b>14 578</b>	<b>14 578</b>	<b>-</b>	<b>100.0%</b>	<b>12 611</b>	<b>12 583</b>



Sub programme: 1.3: CORPORATE MANAGEMENT SERVICES

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	41 419	(4 899)	-	36 520	36 520	-	100.0%	42 477	42 446
Compensation of employees	15 497	(118)	-	15 379	15 379	-	100.0%	19 118	19 104
Salaries and wages	15 497	(1 882)	-	13 615	13 615	-	100.0%	16 842	16 834
Social contributions	-	1 764	-	1 764	1 764	-	100.0%	2 277	2 270
Goods and services	25 922	(4 781)	-	21 141	21 141	-	100.0%	23 359	23 341
Administrative fees	55	(23)	-	32	32	-	100.0%	68	67
Advertising	10 704	(10 213)	-	491	491	-	100.0%	6 131	6 130
Minor assets	14	(11)	-	3	3	-	100.0%	65	62
Audit costs: External	-	-	-	-	-	-	-	3 037	3 037
Bursaries: Employees	274	(65)	-	209	209	-	100.0%	97	97
Catering: Departmental activities	45	(1)	-	44	44	-	100.0%	51	51
Communication (G&S)	230	280	-	510	510	-	100.0%	703	703
Computer services	-	75	-	75	75	-	100.0%	353	351
Consultants: Business and advisory services	227	185	-	412	412	-	100.0%	161	160
Legal services	3 584	3 052	-	6 636	6 636	-	100.0%	812	812
Contractors	124	(20)	-	104	104	-	100.0%	131	130
Agency and support / outsourced services	7	(7)	-	-	-	-	-	33	33
Fleet services (including government motor transport)	181	66	-	247	247	-	100.0%	695	695
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	1	-

**PART E – Financial Information**  
**Economic Development Department Vote 25**



Sub programme: 1.3: CORPORATE MANAGEMENT SERVICES

	2015/16							2014/15	
	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
Inventory: Materials and supplies	2	(2)	-	-	-	-	-	4	4
Consumable supplies	12	40	-	52	52	-	100.0%	24	23
Consumable: Stationery, printing and office supplies	114	(37)	-	77	77	-	100.0%	352	350
Operating leases	9 446	1 478	-	10 924	10 924	-	100.0%	9 185	9 185
Travel and subsistence	593	(94)	-	499	499	-	100.0%	767	764
Training and development	110	238	-	348	348	-	100.0%	221	221
Operating payments	200	278	-	478	478	-	100.0%	467	466
<b>Transfers and subsidies</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>100.0%</b>	<b>10 465</b>	<b>10 465</b>
Departmental agencies and accounts	-	-	-	-	-	-	-	10 408	10 408
Departmental agencies (non - business entities)	-	-	-	-	-	-	-	10 408	10 408
Households	1	-	-	1	1	-	100.0%	57	57
Social benefits	1	-	-	1	1	-	100.0%	-	-
Other transfers to households	-	-	-	-	-	-	-	57	57
<b>Payments for capital assets</b>	<b>104</b>	<b>(7)</b>	<b>-</b>	<b>97</b>	<b>97</b>	<b>-</b>	<b>100.0%</b>	<b>2 102</b>	<b>2 097</b>
Machinery and equipment	104	(7)	-	97	97	-	100.0%	2 102	2 097
Other machinery and equipment	104	(7)	-	97	97	-	100.0%	2 102	2 097
<b>Total</b>	<b>41 523</b>	<b>(4 905)</b>	<b>-</b>	<b>36 618</b>	<b>36 618</b>	<b>-</b>	<b>100.0%</b>	<b>55 044</b>	<b>55 008</b>



Sub programme: 1.4: FINANCIAL MANAGEMENT									
	2015/16							2014/15	
	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
<b>Current payments</b>	10 001	(693)	-	9 308	9 232	76	99.2%	-	-
Compensation of employees	5 951	(185)	-	5 766	5 690	76	98.7%	-	-
Salaries and wages	5 951	(896)	-	5 055	4 979	76	98.5%	-	-
Social contributions	-	711	-	711	711	-	100.0%	-	-
Goods and services	4 050	(508)	-	3 542	3 542	-	100.0%	-	-
Administrative fees	50	31	-	81	81	-	100.0%	-	-
Minor assets	45	124	-	169	169	-	100.0%	-	-
Audit costs: External	3 430	(761)	-	2 669	2 669	-	100.0%	-	-
Communication (G&S)	7	-	-	7	7	-	100.0%	-	-
Computer services	28	192	-	220	220	-	100.0%	-	-
Contractors	1	(1)	-	-	-	-	-	-	-
Agency and support / outsourced services	22	(1)	-	21	21	-	100.0%	-	-
Fleet services (including government motor transport)	-	3	-	3	3	-	100.0%	-	-
Consumable supplies	3	(2)	-	1	1	-	100.0%	-	-
Consumable: Stationery, printing and office supplies	230	(94)	-	136	136	-	100.0%	-	-
Travel and subsistence	186	(10)	-	176	176	-	100.0%	-	-
Operating payments	48	11	-	59	59	-	100.0%	-	-
<b>Transfers and subsidies</b>	28	-	-	28	28	-	100.0%	-	-
Households	28	-	-	28	28	-	100.0%	-	-
Social benefits	28	-	-	28	28	-	100.0%	-	-
<b>Payments for capital assets</b>	1 775	751	-	2 526	2 526	-	100.0%	-	-



**PART E – Financial Information**  
**Economic Development Department Vote 25**



Sub programme: 1.4: FINANCIAL MANAGEMENT

Economic classification	2015/16							2014/15	
	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
Machinery and equipment	1 285	1 170	-	2 455	2 455	-	100.0%	-	-
Other machinery and equipment	1 285	1 170	-	2 455	2 455	-	100.0%	-	-
Software and other intangible assets	490	(419)	-	71	71	-	100.0%	-	-
Payment for financial assets	2	-	-	2	2	-	100.0%	-	-
<b>Total</b>	<b>11 806</b>	<b>58</b>	<b>-</b>	<b>11 864</b>	<b>11 788</b>	<b>76</b>	<b>99.4%</b>	<b>-</b>	<b>-</b>



**Programme 2: GROWTH PATH AND SOCIAL DIALOGUE**

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1.GROWTH PATH AND JOB DRIVERS	16 402	1 424	-	17 826	16 801	1 025	94.2%	12 834	12 774
2.SOCIAL DIALOGUE, PRODUCTIVITY AND INNOVATION	11 487	(1 424)	-	10 063	9 904	159	98.4%	9 450	9 268
	27 889	-	-	27 889	26 705	1 184	95.8%	22 284	22 042
<b>Economic classification</b>									
Current payments	27 704	(1 575)	-	26 129	24 945	1 184	95.5%	22 029	21 832
Compensation of employees	23 339	(1 062)	-	22 277	22 276	1	100.0%	18 540	18 411
Salaries and wages	23 339	(3 135)	-	20 204	20 203	1	100.0%	16 952	16 822
Social contributions	-	2 073	-	2 073	2 073	-	100.0%	1 588	1 589
Goods and services	4 365	(513)	-	3 852	2 669	1 183	69.3%	3 489	3 421
Administrative fees	96	-	-	96	44	52	45.8%	234	234
Minor assets	9	-	-	9	2	7	22.2%	4	-
Catering: Departmental activities	151	343	-	494	490	4	99.2%	200	200
Communication (G&S)	160	-	-	160	41	119	25.6%	85	86
Computer services	24	-	-	24	16	8	66.7%	1 234	1 234
Consultants: Business and advisory services	28	238	-	266	266	-	100.0%	-	-
Contractors	-	349	-	349	349	-	100.0%	47	30
Agency and support / outsourced services	-	-	-	-	-	-	-	50	-
Fleet services (including government motor transport)	6	4	-	10	10	-	100.0%	3	3

**PART E – Financial Information**  
**Economic Development Department Vote 25**



**Programme 2: GROWTH PATH AND SOCIAL DIALOGUE**

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	31	31
Consumable supplies	3	4	-	7	6	1	85.7%	5	5
Consumable: Stationery, printing and office supplies	201	-	-	201	30	171	14.9%	18	18
Transport provided: Departmental activity	-	55	-	55	55	-	100.0%	-	-
Travel and subsistence	1 782	(486)	-	1 296	1 123	173	86.7%	1 154	1 157
Operating payments	265	(95)	-	170	54	116	31.8%	135	135
Venues and facilities	1 640	(925)	-	715	183	532	25.6%	279	278
Rental and hiring	-	-	-	-	-	-	-	10	10
<b>Transfers and subsidies</b>	<b>21</b>	<b>69</b>	<b>-</b>	<b>90</b>	<b>90</b>	<b>-</b>	<b>100.0%</b>	<b>79</b>	<b>79</b>
Households	21	69	-	90	90	-	100.0%	79	79
Social benefits	21	69	-	90	90	-	100.0%	-	-
Other transfers to households	-	-	-	-	-	-	-	79	79
<b>Payments for capital assets</b>	<b>164</b>	<b>1 506</b>	<b>-</b>	<b>1 670</b>	<b>1 670</b>	<b>-</b>	<b>100.0%</b>	<b>176</b>	<b>130</b>
Machinery and equipment	164	11	-	175	175	-	100.0%	176	130
Other machinery and equipment	164	11	-	175	175	-	100.0%	176	130
Software and other intangible assets	-	1 495	-	1 495	1 495	-	100.0%	-	-
	<b>27 889</b>	<b>-</b>	<b>-</b>	<b>27 889</b>	<b>26 705</b>	<b>1 184</b>	<b>95.8%</b>	<b>22 284</b>	<b>22 042</b>



Sub programme: 2.1: GROWTH PATH AND JOB DRIVERS

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	16 301	(121)	-	16 180	15 155	1 025	93.7%	12 729	12 683
Compensation of employees	13 884	365	-	14 249	14 249	-	100.0%	10 286	10 243
Salaries and wages	13 884	(969)	-	12 915	12 915	-	100.0%	9 479	9 436
Social contributions	-	1 334	-	1 334	1 334	-	100.0%	807	807
Goods and services	2 417	(486)	-	1 931	906	1 025	46.9%	2 443	2 440
Administrative fees	70	-	-	70	22	48	31.4%	214	214
Minor assets	9	-	-	9	2	7	22.2%	4	
Catering: Departmental activities	106	(70)	-	36	32	4	88.9%	100	100
Communication (G&S)	92	-	-	92	6	86	6.5%	49	50
Computer services	24	-	-	24	16	8	66.7%	1 234	1 234
Consultants: Business and advisory services	28	63	-	91	91	-	100.0%	-	-
Fleet services (including government motor transport)	3	3	-	6	6	-	100.0%	1	1
Consumable supplies	1	4	-	5	5	-	100.0%	4	4
Consumable: Stationery, printing and office supplies	140	-	-	140	1	139	0.7%	-	-
Travel and subsistence	1 302	(486)	-	816	685	131	83.9%	612	612
Operating payments	99	-	-	99	29	70	29.3%	1	1
Venues and facilities	543	-	-	543	11	532	2.0%	224	224
Transfers and subsidies	-	42	-	42	42	-	100.0%	15	15
Households	-	42	-	42	42	-	100.0%	15	15

**PART E – Financial Information**  
**Economic Development Department Vote 25**



Sub programme: 2.1: GROWTH PATH AND JOB DRIVERS

Economic classification	2015/16							2014/15	
	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
Social benefits	-	42	-	42	42	-	100.0%	-	-
Other transfers to households	-	-	-	-	-	-	-	15	15
<b>Payments for capital assets</b>	<b>101</b>	<b>1 503</b>	<b>-</b>	<b>1 604</b>	<b>1 604</b>	<b>-</b>	<b>100.0%</b>	<b>90</b>	<b>75</b>
Machinery and equipment	101	8	-	109	109	-	100.0%	90	75
Other machinery and equipment	101	8	-	109	109	-	100.0%	90	75
Software and other intangible assets	-	1 495	-	1 495	1 495	-	100.0%	-	-
<b>Total</b>	<b>16 402</b>	<b>1 424</b>	<b>-</b>	<b>17 826</b>	<b>16 801</b>	<b>1 025</b>	<b>94.2%</b>	<b>12 834</b>	<b>12 774</b>



Sub programme: 2.2: SOCIAL DIALOGUE, PRODUCTIVITY AND INNOVATION

Economic classification	2015/16							2014/15	
	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
<b>Current payments</b>	11 403	(1 454)	-	9 949	9 790	159	98.4%	9 300	9 149
Compensation of employees	9 455	(1 427)	-	8 028	8 027	1	100.0%	8 254	8 168
Salaries and wages	8 455	(2 166)	-	7 289	7 288	1	100.0%	7 473	7 386
Social contributions	-	739	-	739	739	-	100.0%	781	782
Goods and services	1 948	(27)	-	1 921	1 763	158	91.8%	1 046	981
Administrative fees	26	-	-	26	22	4	84.6%	20	20
Catering: Departmental activities	45	413	-	458	458	-	100.0%	100	100
Communication (G&S)	68	-	-	68	35	33	51.5%	36	36
Consultants: Business and advisory services	-	175	-	175	175	-	100.0%	-	-
Contractors	-	349	-	349	349	-	100.0%	47	30
Agency and support / outsourced services	-	-	-	-	-	-	-	50	-
Fleet services (including Government motor transport)	3	1	-	4	4	-	100.0%	2	2
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	31	31
Consumable supplies	2	-	-	2	1	1	50.0%	1	1
Consumable: Stationery, printing and office supplies	61	-	-	61	29	32	47.5%	18	18
Transport provided: Departmental activity	-	55	-	55	55	-	100.0%	-	-
Travel and subsistence	480	-	-	480	438	42	91.3%	542	545



**PART E – Financial Information**  
**Economic Development Department Vote 25**



Sub programme: 2.2: SOCIAL DIALOGUE, PRODUCTIVITY AND INNOVATION

Economic classification	2015/16							2014/15	
	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
Operating payments	166	(95)	-	71	25	46	35.2%	134	134
Venues and facilities	1 097	(925)	-	172	172	-	100.0%	55	54
Rental and hiring	-	-	-	-	-	-	-	10	10
<b>Transfers and subsidies</b>	<b>21</b>	<b>27</b>	<b>-</b>	<b>48</b>	<b>48</b>	<b>-</b>	<b>100.0%</b>	<b>64</b>	<b>64</b>
Households	21	27	-	48	48	-	100.0%	64	64
Social benefits	21	27	-	48	48	-	100.0%	-	-
Other transfers to households	-	-	-	-	-	-	-	64	64
<b>Payments for capital assets</b>	<b>63</b>	<b>3</b>	<b>-</b>	<b>66</b>	<b>66</b>	<b>-</b>	<b>100.0%</b>	<b>86</b>	<b>55</b>
Machinery and equipment	63	3	-	66	66	-	100.0%	86	55
Other machinery and equipment	63	3	-	66	66	-	100.0%	86	55
<b>Total</b>	<b>11 487</b>	<b>(1 424)</b>	<b>-</b>	<b>10 063</b>	<b>9 904</b>	<b>159</b>	<b>98.4%</b>	<b>9 450</b>	<b>9 268</b>



Programme 3: INVESTMENT, COMPETITION AND TRADE

	2015/16							2014/15	
	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
<b>Sub programme</b>									
1.DEVELOPMENT INVESTMENT, INDUSTRIAL FUNDING AND ENTREPRENEURSHIP	417 437	(1 975)	-	415 462	415 462	-	100.0%	571 234	570 878
2.COMPETITION, TRADE AND OTHER ECONOMIC REGULATION	332 640	10 495	-	343 135	343 079	56	100.0%	5 080	4 804
3.INFRASTRUCTURE DEVELOPMENT COORDINATION	24 589	(8 520)	-	16 069	5 343	726	95.5%	10 186	9 770
	<b>774 666</b>	<b>-</b>	<b>-</b>	<b>774 666</b>	<b>773 884</b>	<b>782</b>	<b>99.9%</b>	<b>586 500</b>	<b>585 452</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>32 245</b>	<b>(8 055)</b>	<b>-</b>	<b>24 190</b>	<b>23 408</b>	<b>782</b>	<b>96.8%</b>	<b>20 973</b>	<b>19 925</b>
Compensation of employees	21 660	(6 172)	-	15 488	15 432	56	99.6%	18 445	17 743
Salaries and wages	21 660	(7 704)	-	13 956	13 900	56	99.6%	16 776	16 074
Social contributions	-	1 532	-	1 532	1 532	-	100.0%	1 669	1 669
Goods and services	10 585	(1 883)	-	8 702	7 976	726	91.7%	2 528	2 182
Administrative fees	59	(15)	-	44	43	1	97.7%	46	46
Advertising	-	2 214	-	2 214	2 214	-	100.0%	-	-
Minor assets	26	(18)	-	8	-	8	-	-	-
Catering: Departmental activities	129	534	-	663	663	-	100.0%	95	95
Communication (G&S)	65	(30)	-	35	35	-	100.0%	99	98
Consultants: Business and advisory services	8 629	(7 937)	-	692	-	692	-	21	21
Legal services	-	-	-	-	-	-	-	274	-
Contractors	-	4	-	4	4	-	100.0%	53	53
Fleet services (including government motor transport)	8	1	-	9	9	-	100.0%	10	10

**PART E – Financial Information**  
**Economic Development Department Vote 25**



Programme 3: INVESTMENT, COMPETITION AND TRADE

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	398	398
Inventory: Other supplies	-	-	-	-	-	-	-	4	4
Consumable supplies	1	-	-	1	1	-	100.0%	2	2
Consumable: Stationery, printing and office supplies	212	(105)	-	107	82	25	76.6%	44	42
Transport provided: Departmental activities	-	-	-	-	-	-	-	1	1
Travel and subsistence	1 347	(126)	-	1 221	1 221	-	100.0%	1 404	1 346
Operating payments	65	46	-	111	111	-	100.0%	73	62
Venues and facilities	44	3 549	-	3 593	3 593	-	100.0%	4	4
<b>Transfers and subsidies</b>	<b>742 245</b>	<b>8 000</b>	<b>-</b>	<b>750 245</b>	<b>750 245</b>	<b>-</b>	<b>100.0%</b>	<b>565 380</b>	<b>565 380</b>
Departmental agencies and accounts	330 848	8 000	-	338 848	338 848	-	100.0%	296 412	296 412
Departmental agencies (non-business entities)	330 848	8 000	-	338 848	338 848	-	100.0%	296 412	296 412
Public corporations and private enterprises	411 397	-	-	411 397	411 397	-	100.0%	268 845	268 845
Public corporations	406 397	-	-	406 397	406 397	-	100.0%	268 845	268 845
Other transfers to public corporations	406 397	-	-	406 397	406 397	-	100.0%	268 845	268 845
Private enterprises	5 000	-	-	5 000	5 000	-	100.0%	-	-
Other transfers to private enterprises	5 000	-	-	5 000	5 000	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	60	60
Households	-	-	-	-	-	-	-	63	63
Other transfers to households	-	-	-	-	-	-	-	63	63
Payments for capital assets	176	55	-	231	231	-	100.0%	147	147
Machinery and equipment	176	55	-	231	231	-	100.0%	147	147
Other machinery and equipment	176	55	-	231	231	-	100.0%	147	147
	<b>774 666</b>	<b>-</b>	<b>-</b>	<b>774 666</b>	<b>773 884</b>	<b>782</b>	<b>99.9%</b>	<b>586 500</b>	<b>585 452</b>



Sub programme: 3.1: DEVELOPMENT INVESTMENT, INDUSTRIAL FUNDING AND ENTREPRENEURSHIP									
	2015/16							2014/15	
	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
<b>Current payments</b>	11 006	(1 988)	-	9 018	9 018	-	100.0%	5 896	5 540
Compensation of employees	10 292	(3 439)	-	6 853	6 853	-	100.0%	5 348	5 046
Salaries and wages	10 292	(4 151)	-	6 141	6 141	-	100.0%	4 841	4 539
Social contributions	-	712	-	712	712	-	100.0%	507	507
Goods and services	714	1 451	-	2 165	2 165	-	100.0%	548	494
Administrative fees	19	3	-	22	22	-	100.0%	14	14
Minor assets	18	(18)	-	-	-	-	-	-	-
Catering: Departmental activities	30	49	-	79	79	-	100.0%	9	9
Communication (G&S)	10	(2)	-	8	8	-	100.0%	26	26
Fleet services (including government motor transport)	3	-	-	3	3	-	100.0%	2	2
Inventory: Other supplies	-	-	-	-	-	-	-	4	4
Consumable: Stationery, printing and office supplies	64	(48)	-	16	16	-	100.0%	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	1	1
Travel and subsistence	570	(23)	-	547	547	-	100.0%	448	394
Operating payments	-	11	-	11	11	-	100.0%	44	44
Venues and facilities	-	1 479	-	1 479	1 479	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>406 397</b>	<b>-</b>	<b>-</b>	<b>406 397</b>	<b>406 397</b>	<b>-</b>	<b>100.0%</b>	<b>565 317</b>	<b>565 317</b>
Departmental agencies and accounts	-	-	-	-	-	-	-	296 412	296 412
Departmental agencies (non – business entities)	-	-	-	-	-	-	-	296 412	296 412

**PART E – Financial Information**  
**Economic Development Department Vote 25**



Sub programme: 3.1: DEVELOPMENT INVESTMENT, INDUSTRIAL FUNDING AND ENTREPRENEURSHIP									
	2015/16							2014/15	
	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
Public corporations and private enterprises	406 397	-	-	406 397	406 397	-	100.0%	268 845	268 845
Public corporations	406 397	-	-	406 397	406 397	-	100.0%	268 845	268 845
Other transfers to public corporations	406 397	-	-	406 397	406 397	-	100.0%	268 845	268 845
Non-profit institutions	-	-	-	-	-	-	-	60	60
Payments for capital assets	34	13	-	47	47	-	100.0%	21	21
Machinery and equipment	34	13	-	47	47	-	100.0%	21	21
Other machinery and equipment	34	13	-	47	47	-	100.0%	21	21
<b>Total</b>	<b>417 437</b>	<b>(1 975)</b>	<b>-</b>	<b>415 462</b>	<b>415 462</b>	<b>-</b>	<b>100.0%</b>	<b>571 234</b>	<b>570 878</b>



Sub programme: 3.2: COMPETITION, TRADE AND OTHER ECONOMIC REGULATION

Economic classification	2015/16							2014/15	
	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
<b>Current payments</b>	5 756	2 501	-	8 257	8 201	56	99.3%	5 049	4 773
Compensation of employees	5 394	(2 000)	-	3 394	3 338	56	98.4%	4 503	4 503
Salaries and wages	5 394	(2 440)	-	2 954	2 898	56	98.1%	3 950	3 950
Social contributions	-	440	-	440	440	-	100.0%	553	553
Goods and services	362	4 501	-	4 863	4 863	-	100.0%	546	270
Administrative fees	21	(18)	-	3	3	-	100.0%	6	6
Advertising	-	2 214	-	2 214	2 214	-	100.0%	-	-
Catering: Departmental activities	18	466	-	484	484	-	100.0%	6	6
Communication (G&S)	31	(29)	-	2	2	-	100.0%	8	8
Legal services	-	-	-	-	-	-	-	274	-
Fleet services (including government motor transport)	-	-	-	-	-	-	-	2	2
Consumable supplies	1	(1)	-	-	-	-	-	-	-
Consumable: Stationery, printing and office supplies	57	(57)	-	-	-	-	-	2	1
Travel and subsistence	219	(123)	-	96	96	-	100.0%	248	247
Operating payments	15	(15)	-	-	-	-	-	-	-
Venues and facilities	-	1 828	-	1 828	1 828	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>326 848</b>	<b>8 000</b>	<b>-</b>	<b>334 848</b>	<b>334 848</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
Departmental agencies and accounts	326 848	8 000	-	334 848	334 848	-	100.0%	-	-
Departmental agencies (non-business entities)	326 848	8 000	-	334 848	334 848	-	100.0%	-	-

**PART E – Financial Information**  
**Economic Development Department Vote 25**



Sub programme: 3.2: COMPETITION, TRADE AND OTHER ECONOMIC REGULATION

	2015/16							2014/15	
	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
Payments for capital assets	36	(6)	-	30	30	-	100.0%	31	31
Machinery and equipment	36	(6)	-	30	30	-	100.0%	31	31
Other machinery and equipment	36	(6)	-	30	30	-	100.0%	31	31
<b>Total</b>	<b>332 640</b>	<b>10 495</b>	<b>-</b>	<b>343 135</b>	<b>343 079</b>	<b>56</b>	<b>100.0%</b>	<b>5 080</b>	<b>4 804</b>





Sub programme: 3.3: INFRASTRUCTURE DEVELOPMENT COORDINATION

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	15 483	(8 568)	-	6 915	6 189	726	89.5%	10 028	9 612
Compensation of employees	5 974	(733)	-	5 241	5 241	-	100.0%	8 594	8 194
Salaries and wages	5 974	(1 113)	-	4 861	4 861	-	100.0%	7 985	7 585
Social contributions	-	380	-	380	380	-	100.0%	609	609
Goods and services	9 509	(7 835)	-	1 674	948	726	56.6%	1 434	1 418
Administrative fees	19	-	-	19	18	1	94.7%	26	26
Minor assets	8	-	-	8	-	8	-	-	-
Catering: Departmental activities	81	19	-	100	100	-	100.0%	80	80
Communication (G&S)	24	1	-	25	25	-	100.0%	65	64
Consultants: Business and advisory services	8 629	(7 937)	-	692	-	692	-	21	21
Contractors	-	4	-	4	4	-	100.0%	53	53
Fleet services (including government motor transport)	5	1	-	6	6	-	100.0%	6	6
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	398	398
Consumable supplies	-	1	-	1	1	-	100.0%	2	2
Consumable: Stationery, printing and office supplies	91	-	-	91	66	25	72.5%	42	41
Travel and subsistence	558	20	-	578	578	-	100.0%	708	705

**PART E – Financial Information**  
**Economic Development Department Vote 25**



Sub programme: 3.3: INFRASTRUCTURE DEVELOPMENT COORDINATION

	2015/16							2014/15	
	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
Operating payments	50	50	-	100	100	-	100.0%	29	18
Venues and facilities	44	6	-	50	50	-	100.0%	4	4
Transfers and subsidies	9 000	-	-	9 000	9 000	-	100.0%	63	63
Departmental agencies and accounts	4 000	-	-	4 000	4 000	-	100.0%	-	-
Departmental agencies (non – business entities)	4 000	-	-	4 000	4 000	-	100.0%	-	-
Public corporations and private enterprises	5 000	-	-	5 000	5 000	-	100.0%	-	-
Private enterprises	5 000	-	-	5 000	5 000	-	100.0%	-	-
Other transfers to private enterprises	5 000	-	-	5 000	5 000	-	100.0%	-	-
Households	-	-	-	-	-	-	-	63	63
Other transfers to households	-	-	-	-	-	-	-	63	63
Payments for capital assets	106	48	-	154	154	-	100.0%	95	95
Machinery and equipment	106	48	-	154	154	-	100.0%	95	95
Other machinery and equipment	106	48	-	154	154	-	100.0%	95	95
<b>Total</b>	<b>24 589</b>	<b>(8 520)</b>	<b>-</b>	<b>16 069</b>	<b>15 343</b>	<b>726</b>	<b>95.5%</b>	<b>10 186</b>	<b>9 770</b>



## Notes to the Appropriation Statement for the Year Ended 31 March 2016

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

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

### 2. Details 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. Details on payments for financial assets

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

### 4. Explanations of material variances from amounts voted (after virement):

4.1. Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
1. Administration	83 223	83 144	79	0.09%
2. Growth path and Social Dialogue	27 889	26 705	1 184	4.25%
3. Investment, Competition and trade	774 666	773 884	782	0.10%

4.2. Per economic classification:	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation. %
<b>Current expenditure</b>				
Compensation of employees	79 532	79 398	134	0.17%
Goods and services	50 898	48 988	1 910	3.75%
<b>Transfers and subsidies</b>				
Departmental agencies and accounts	338 848	338 848	-	0.00%
Higher education institutions				
Public corporations and private enterprises	411 397	411 397	-	0.00%
Payments for capital assets				
Machinery and equipment	3 383	3 383	-	0.00%
Software and other intangible assets	1 566	1 566	-	0.00%
<b>Payments for financial assets</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>0.00%</b>



## Statement of Financial Performance for the Year Ended 31 March 2016

	Note	2015/16 R'000	2015/16 R'000
<b>REVENUE</b>			
Annual appropriation	1	885 778	696 860
Departmental revenue	2	50 296	50 367
Aid assistance	3	5 682	4 012
<b>TOTAL REVENUE</b>		<b>941 756</b>	<b>751 239</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	79 398	75 688
Goods and services	5	48 988	40 567
<b>Total current expenditure</b>		<b>128 386</b>	<b>116 255</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	7	750 396	575 945
Aid assistance	3	5 682	4 012
<b>Total transfers and subsidies</b>		<b>756 078</b>	<b>579 957</b>
<b>Expenditure for capital assets</b>			
Tangible assets	8	3 383	2 712
Intangible assets	8	1 566	-
<b>Total expenditure for capital assets</b>		<b>4 949</b>	<b>2 712</b>
<b>Payments for financial assets</b>	6	2	-
<b>TOTAL EXPENDITURE</b>		<b>889 415</b>	<b>698 924</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>52 341</b>	<b>52 315</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds		2 045	1 948
Annual appropriation		2 045	<b>1 947</b>
Departmental revenue and NRF Receipts	14	50 296	50 367
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>52 341</b>	<b>52 315</b>



## Statement of Financial Position for the Year Ended 31 March 2016

	<i>Note</i>	<b>2015/16</b>	<b>2014/15</b>
		<b>R'000</b>	<b>R'000</b>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>52 281</b>	<b>2 379</b>
Cash and cash equivalents	9	51 804	1 879
Prepayments and advances	10	393	108
Receivables	11	84	392
<b>Non-Current Assets</b>		<b>1 392 969</b>	<b>1 392 969</b>
Investments	12	1 392 969	1 392 969
<b>TOTAL ASSETS</b>		<b>1 445 250</b>	<b>1 395 348</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>52 281</b>	<b>2 306</b>
Voted funds to be surrendered to the Revenue Fund	13	2 045	1 948
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	50 145	283
Payables	15	91	75
<b>TOTAL LIABILITIES</b>		<b>52 281</b>	<b>2 306</b>
<b>NET ASSETS</b>		<b>1 392 969</b>	<b>1 393 042</b>
<b>Represented by:</b>			
Capitalisation reserve		1 392 969	1 392 969
Recoverable revenue		-	73
<b>TOTAL</b>		<b>1 392 969</b>	<b>1 393 042</b>



## Statement of Changes in Net Assets for the Year Ended 31 March 2016

NET ASSETS	Note	2015/16	2014/15
		R'000	R'000
<b>Capitalisation Reserves</b>			
Opening balance		1 392 969	1 392 969
Closing balance		<b>1 392 969</b>	<b>1 392 969</b>
<b>Recoverable revenue</b>			
Opening balance		73	84
Transfers		<b>(73)</b>	<b>(11)</b>
Debts revised		(16)	-
Debts recovered (included in departmental receipts)		(57)	(11)
Closing balance		-	73
<b>TOTAL</b>		<b>1 392 969</b>	<b>1 393 042</b>



## Cash Flow Statement for the Year Ended 31 March 2016

		2015/16	2014/15
	<i>Note</i>	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>891 856</b>	<b>701 239</b>
Annual appropriated funds received	1.1	885 778	696 860
Departmental revenue received	2	18	130
Interest received	2.2	278	237
Aid assistance received	3	5 682	4 012
Net (increase)/ decrease in working capital		39	2 755
Surrendered to Revenue Fund		(2 382)	(50 548)
Current payments		(128 386)	(116 255)
Payments for financial assets		(2)	-
Transfers and subsidies paid		(756 078)	(579 957)
<b>Net cash flow available from operating activities</b>	<b>16</b>	<b>4 947</b>	<b>(42 766)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	8	(4 949)	(2 712)
<b>Net cash flows from investing activities</b>		<b>(4 949)</b>	<b>(2 712)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		50 000	50 000
Increase/ (decrease) in net assets		(73)	(11)
<b>Net cash flows from financing activities</b>		<b>49 927</b>	<b>49 989</b>
Net increase/ (decrease) in cash and cash equivalents		49 925	4 511
Cash and cash equivalents at beginning of period		1 879	(2 632)
<b>Cash and cash equivalents at end of period</b>	<b>17</b>	<b>51 804</b>	<b>1 879</b>





## Accounting Policies for the Year Ended 31 March 2016

### Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

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

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

#### 1 Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

#### 2 Going concern

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

#### 3 Presentation currency

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

#### 4 Rounding

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

#### 5 Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.

### 6 Comparative information

#### 6.1 Prior period comparative information

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

#### 6.2 Current year comparison with budget

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

## **8 Expenditure**

### **8.1 Compensation of employees**

#### **8.1.1 Salaries and wages**

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

#### **8.1.2 Social contributions**

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

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

### **8.2 Other expenditure**

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

### **8.3 Accrued expenditure payable**

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

Accrued expenditure payable is measured at cost.

## **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.

Prepayments are expensed when the relevant supporting documents are received.

### **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. 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**

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

## **16 Capital Assets**

### **16.1 Immovable capital assets**

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

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

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

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.

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

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

## **17 Provisions and Contingents**

### **17.1 Provisions**

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

### **17.2 Contingent liabilities**

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

### **17.3 Contingent assets**

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

### **17.4 Commitments**

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

## **18 Unauthorised expenditure**

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

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

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

## **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.

## **25 Capitalisation reserve**

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

## **26 Recoverable revenue**

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

## **27 Related party transactions**

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister'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.





## Notes to the Annual Financial Statements for the Year Ended 31 March 2016

### 1. Annual appropriation

#### 1.1 Annual appropriation

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

Programmes	2015/16			2014/15	
	Final Appropriation R'000	Funds Received R'000	Funds not requested/ not received R'000	Final Appropriation R'000	Appropriation Received R'000
Administration	83 223	83 223	-	86 076	94 852
Growth path and social dialogue	27 889	27 889	-	22 286	15 694
Investment, competition and trade	774 666	774 666	-	586 497	586 314
<b>Total</b>	<b>885 778</b>	<b>885 778</b>	<b>-</b>	<b>696 860</b>	<b>696 860</b>

### 2. Departmental revenue

	Note	2015/16 R'000	2014/15 R'000
Sales of goods and services other than capital assets	2.1	35	85
Interest, dividends and rent on land	2.2	50 278	50 237
Transactions in financial assets and liabilities	2.3	(17)	45
Total revenue collected		<b>50 296</b>	<b>50 367</b>
Less: Own revenue included in appropriation		-	-
<b>Departmental revenue collected</b>		<b>50 296</b>	<b>50 367</b>

The EDD no longer reports on penalties collected by the Competition Commission on behalf of the National Revenue Fund in line with the reporting requirement reflected in the Accounting Manual for Departments on Revenue issued by the Office of the Accountant General. During the current financial year R676.495 million was received from Competition Commission for fines and penalties imposed by the Competition Tribunal which is not recognised as Departmental Revenue. This amount was paid to the Revenue Fund by year end. Similarly for the 2014/15 financial year EDD had disclosed R 880.361 million.

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

	Note	2015/16 R'000	2014/15 R'000
	2		
Sales of goods and services produced by the department		<b>29</b>	<b>24</b>
Sales by market establishment		18	15
Other sales		11	9
Sales of scrap, waste and other used current goods		6	61
<b>Total</b>		<b>35</b>	<b>85</b>



## 2.2 Interest dividends and rent on land

		2015/16	2014/15
	<i>Note</i>	R'000	R'000
Interest	2	278	237
Dividends	2	50 000	50 000
<b>Total</b>		<b>50 278</b>	<b>50 237</b>

Dividends were received from IDC, a wholly owned subsidiary of EDD as part of investment and transferred to the National Revenue Fund via EDD.

## 2.3 Transactions in financial assets and liabilities

		2015/16	2014/15
	<i>Note</i>	R'000	R'000
Other Receipts including Recoverable Revenue	2	(17)	45
<b>Total</b>		<b>(17)</b>	<b>45</b>

R17 150.93 of other receipts including recoverable revenue includes R 16 050.00 to be recovered from National Revenue Fund as recoverable revenue (debts) reversed during the year.

## 2.4 Cash received not recognised (not included in the main note) – 2015/16

Name of entity	Amount received	Amount paid to Revenue Fund	Balance
Competition Commissions	676 495	675 445	1 050
<b>Total</b>	<b>676 495</b>	<b>675 445</b>	<b>1 050</b>

Name of entity	Amount received	Amount paid to Revenue Fund	Balance
Competition Commissions	880 361	880 361	-
<b>Total</b>	<b>880 361</b>	<b>880 361</b>	<b>-</b>





**3 Aid assistance**

	<i>Note</i>	<b>2015/16</b>	<b>2014/15</b>
		<b>R'000</b>	<b>R'000</b>
Opening Balance		-	-
Prior period error		-	-
As restated		-	-
Transferred from statement of financial performance		-	-
Transferred to/from retained funds		-	-
Paid during the year		-	-
<b>Closing Balance</b>		<b>-</b>	<b>-</b>

EDD facilitated funding for a baking cooperative (R 4.412 million) and for a detailed feasibility study on the Dimbaza Steel Mill (R 1.270 million) through **the dti** that was received and duly transferred to the beneficiaries. There are no funds remaining in EDD's books.

**4 Compensation of employees**

	<i>Note</i>	<b>2015/16</b>	<b>2014/15</b>
		<b>R'000</b>	<b>R'000</b>
<b>4.1 Salaries and wages</b>			
Basic salary		52 948	50 788
Performance award		1 019	545
Service Based		116	11
Compensative/circumstantial		2 101	2 687
Other non-pensionable allowances		15 201	14 176
<b>Total</b>		<b>71 385</b>	<b>68 207</b>

	<i>Note</i>	<b>2015/16</b>	<b>2014/15</b>
		<b>R'000</b>	<b>R'000</b>
<b>4.2 Social contributions</b>			
<b>Employer contributions</b>			
Pension		6 451	6 111
Medical		1 554	1 362
Bargaining council		8	8
<b>Total</b>		<b>8 013</b>	<b>7 481</b>
<b>Total compensation of employees</b>		<b>79 398</b>	<b>75 688</b>
Average number of employees		116	124



**5 Goods and services**

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Administrative fees		794	524
Advertising		2 706	6 138
Minor assets	5.1	174	62
Bursaries (employees)		209	97
Catering		1 351	410
Communication		1 129	1 470
Computer services	5.2	326	1 609
Consultants: Business and advisory services		832	373
Legal services		6 636	3 355
Contractors		461	239
Agency and support / outsourced services		21	202
Entertainment		-	8
Audit cost – external	5.3	2 669	3 037
Fleet services		917	1 086
Inventory	5.4	-	438
Consumables	5.5	801	1 128
Operating leases		10 924	9 185
Rental and hiring		90	-
Transport provided as part of the departmental activities		55	1
Travel and subsistence	5.6	11 295	9 562
Venues and facilities		6 263	343
Training and development		349	221
Other operating expenditure	5.7	986	1 079
<b>Total</b>		<b>48 988</b>	<b>40 567</b>



**5.1 Minor assets**

		2015/16	2014/15
	<i>Note</i>	R'000	R'000
<b>Tangible assets</b>	5	174	62
Machinery and equipment		174	62
<b>Total</b>		<b>174</b>	<b>62</b>

**5.2 Computer services**

		2015/16	2014/15
	<i>Note</i>	R'000	R'000
SITA computer services	5	248	304
External computer service providers		78	1 305
<b>Total</b>		<b>326</b>	<b>1 609</b>

**5.3 Audit cost – external**

		2015/16	2014/15
	<i>Note</i>	R'000	R'000
Regularity audits	5	2 669	3 037
<b>Total</b>		<b>2 669</b>	<b>3 037</b>

**5.4 Inventory**

		2015/16	2014/15
	<i>Note</i>	R'000	R'000
Clothing material and accessories	5	-	429
Materials and supplies		-	9
<b>Total</b>		<b>-</b>	<b>438</b>

The Department did not buy inventory related items during the year under review.



## 5.5 Consumables

	Note	2015/16	2014/15
		R'000	R'000
<b>Consumable supplies</b>	5	98	100
Uniform and clothing		-	19
Household supplies		44	35
Building material and supplies		3	-
Communication accessories		1	5
IT consumables		7	10
Other consumables		43	31
<b>Stationery, printing and office supplies</b>		703	1 028
<b>Total</b>		801	1 128

## 5.6 Travel and subsistence

	Note	2015/16	2014/15
		R'000	R'000
Local	5	10 440	9 158
Foreign		8 55	404
<b>Total</b>		11 295	9 562

## 5.7 Other operating expenditure

	Note	2015/16	2014/15
		R'000	R'000
Professional bodies, membership and subscription fees	5	-	10
Resettlement costs	5	4	76
Other	5	982	993
<b>Total</b>		986	1 079

Other consists of laundry services, courier and delivery services and printing and publications services.

## 6. Payments for financial assets

	Note	2015/16	2014/15
		R'000	R'000
Debts written off	6.1	2	-
<b>Total</b>		2	-

### 6.1 Debts written off

	Note	2015/16	2014/15
		R'000	R'000
Other debts written off (Tax debt)	6	2	-
<b>Total</b>		2	-



**7. Transfers and subsidies**

		2015/16	2014/15
	Note	R'000	R'000
Departmental agencies and accounts	Annex 1A	338 848	306 820
Public corporations and private enterprises	Annex 1B	411 397	268 845
Non-profit institutions	Annex 1C	-	60
Households	Annex 1D	151	220
<b>Total</b>		<b>750 396</b>	<b>575 945</b>

All funds received were transferred to the entities accordingly

**8. Expenditure for capital assets**

		2015/16	2014/15
	Note	R'000	R'000
<b>Expenditure for capital assets</b>			
<b>Tangible assets</b>			
Machinery and equipment	27	3 383	2 712
<b>Intangible assets</b>			
Software	28	1 566	-
<b>Total</b>		<b>4 949</b>	<b>2 712</b>

**8.1 Analysis of funds utilised to acquire capital assets 2015/16**

	Voted Funds	Aid assistance	TOTAL
	R'000	R'000	R'000
<b>Tangible assets</b>	<b>3 383</b>	<b>-</b>	<b>3 383</b>
Machinery and equipment	3 383	-	3 383
<b>Intangible assets</b>	<b>1 566</b>	<b>-</b>	<b>1 566</b>
Software	1 566	-	1 566
<b>Total</b>	<b>4 949</b>	<b>-</b>	<b>4 949</b>

**8.2 Analysis of funds utilised to acquire capital assets 2014/15**

	Voted Funds	Aid assistance	TOTAL
	R'000	R'000	R'000
<b>Tangible assets</b>	<b>2 712</b>	<b>-</b>	<b>2 712</b>
Machinery and equipment	2 712	-	2 712
<b>Total</b>	<b>2 712</b>	<b>-</b>	<b>2 712</b>



### 8.3 Finance lease expenditure included in expenditure for capital assets

	2015/16	2014/15
	R'000	R'000
<b>Tangible assets</b>		
Machinery and equipment	1 403	1 252
<b>Total</b>	<b>1 403</b>	<b>1 252</b>

Finance lease consist of lease for cellphones and photocopy machines contracts.

### 9. Cash and cash equivalents

	2015/16	2014/15
	R'000	R'000
<i>Note</i>		
Consolidated Paymaster General Account	51 716	1 564
Cash on hand	24	24
Investments (Domestic)	64	291
<b>Total</b>	<b>51 804</b>	<b>1 879</b>

R 51 716 million include R50 million of dividends received from IDC.  
The R 24 000 is the standing petty cash.

### 10. Prepayments and advances

	2015/16	2014/15
	R'000	R'000
<i>Note</i>		
Travel and subsistence	-	26
Advances paid	393	82
	<b>393</b>	<b>108</b>

#### 10.1. Advance paid

	2015/16	2014/15
	R'000	R'000
<i>Note</i>		
National departments	393	82
	<b>393</b>	<b>82</b>

An Advance of R 393 thousand was paid to GCIS for co-ordinating government communication system and assisting EDD with planning, implementation and management of communication activities including media buying, production and marketing services.



## 11. Receivables

		<b>Current</b>	<b>Non - current</b>	<b>Total</b>	<b>Current</b>	<b>Non - current</b>	<b>Total</b>
	<i>Note</i>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>		<b>R'000</b>
Claims recoverable	11.1;Annex 4	8	-	8	314	-	314
Recoverable expenditure	11.2	4	-	4	-	-	-
Staff debt	11.3	72	-	72	78	-	78
		<b>84</b>	<b>-</b>	<b>84</b>	<b>392</b>	<b>-</b>	<b>392</b>

### 11.1 Claims receivable

	<i>Note</i>	<b>2015/16</b>	<b>2014/15</b>
		<b>R'000</b>	<b>R'000</b>
National departments	11	8	296
Public entities		-	18
<b>Total</b>		<b>8</b>	<b>314</b>

### 11.2 Recoverable expenditure

	<i>Note</i>	<b>2015/16</b>	<b>2014/15</b>
		<b>R'000</b>	<b>R'000</b>
Excess (Accident)		1	-
GEPF (Government Employees Pension Fund)		3	-
<b>Total</b>		<b>4</b>	<b>-</b>

### 11.3 Staff debt

	<i>Note</i>	<b>2015/16</b>	<b>2014/15</b>
		<b>R'000</b>	<b>R'000</b>
Private telephone(Cellphone)		14	-
Salary Overpayment		39	74
Tax debt		-	4
GG Accident		19	-
<b>Total</b>		<b>72</b>	<b>78</b>





## 12. Investment

	2015/16	2014/15
<i>Note</i>	R'000	R'000
<b>Non-current</b>		
<b>Shares and other equity</b>		
(List investments at cost)		
IDC A Shares 1000 000 at cost(100% shareholding)	1000	1 000
IDC B Share 1 391 969 357 at cost(100% shareholding)	1 391 969	1 391 969
<b>Total</b>	<b>1 392 969</b>	<b>1 392 969</b>

	2015/16	2014/15
<i>Note</i>	R'000	R'000
<b>Analysis of non current investments</b>		
Opening balance	1 392 969	1 392 969
<b>Closing balance</b>	<b>1 392 969</b>	<b>1 392 969</b>

IDC is a wholly owned subsidiary of EDD and it is considered a public entity similar to the other institutions which are under EDD. As with the other institutions the IDC's financial statements are not consolidated with those of EDD.

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

	2015/16	2014/15
<i>Note</i>	R'000	R'000
<b>Voted funds to be surrendered to the Revenue Fund</b>		
Opening balance	1 948	71
Prior period error	-	-
As restated	1 948	71
Transfer from statement of financial performance	2 045	1 948
Voted funds not requested/not received	-	-
Paid during the year	(1 948)	(71)
<b>Closing balance</b>	<b>2 045</b>	<b>1 948</b>

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

	2015/16	2014/15
<i>Note</i>	R'000	R'000
Opening balance	283	393
Prior period error	-	-
As restated	283	393
Transfer from Statement of Financial Performance	50 296	50 367
Paid during the year	(434)	(50 477)
<b>Closing balance</b>	<b>50 145</b>	<b>283</b>



**15. Payable - current**

		2015/16	2014/15
	<i>Note</i>	R'000	R'000
Clearing accounts	15.1	53	75
Other payables	15.2	38	-
<b>Total</b>		<b>91</b>	<b>75</b>

**15.1. Clearing accounts**

		2015/16	2014/15
	<i>Note</i>	R'000	R'000
PAYE	15	53	75
<b>Total</b>		<b>53</b>	<b>75</b>

**15.2. Other payables**

		2015/16	2014/15
	<i>Note</i>	R'000	R'000
DIRCO	15	38	-
<b>Total</b>		<b>38</b>	<b>-</b>

**16. Net cash flow available from operating activities**

	2015/16	2014/15
	R'000	R'000
<b>Net cash flow available from operating activities</b>		
Net surplus/(deficit) as per Statement of Financial Performance	52 341	52 315
Add back non cash/cash movements not deemed operating activities	(47 394)	(95 081)
(Increase)/decrease in receivables – current	308	(214)
(Increase)/decrease in prepayments and advances	(285)	3 092
Increase/(decrease) in payables – current	(16)	(123)
Expenditure on capital assets	4 949	2 712
Surrenders to Revenue Fund	(2 382)	(50 548)
Other non-cash items	(50 000)	(50 000)
<b>Net cash flow generated by operating activities</b>	<b>4 947</b>	<b>(42 766)</b>



**17. Reconciliation of cash and cash equivalents for cash flow purposes**

	2015/16	2014/15
	R'000	R'000
Consolidated Paymaster General account	51 716	1 564
Cash on hand	24	24
Cash with commercial banks (Local)	64	291
<b>Total</b>	<b>51 804</b>	<b>1 879</b>

The R24 000 is the standing petty cash, R51 716 million includes R50 million of dividends received from IDC.

**18. Contingent liabilities and contingent assets**

	2015/16	2014/15
	R'000	R'000
<b>18.1 Contingent liabilities</b>		
<b>Liable to Nature</b>		
Other guarantees	242 568	343 855
Claims against the department		2 800
<b>Total</b>	<b>245 568</b>	<b>346 685</b>

**19. Commitments**

	2015/16	2014/15
	R'000	R'000
<b>Current expenditure</b>		
Approved and contracted	3 149	548
	<b>3 149</b>	<b>548</b>
<b>Capital Expenditure</b>		
Approved and contracted	1 272	84
	<b>1 272</b>	<b>84</b>
<b>Total Commitments</b>	<b>4 421</b>	<b>632</b>

Commitment for the National School of Government (EDP for SMS's) 20 months, SITA 16 months and Protea Coin 16 months, total to R 151 772.98



**20. Payables not recognised**

Listed by economic classification	30 days	30+ days	Total	Total
Goods and services	742	182	924	1,853
Capital assets	226	-	226	84
Other	29	-	29	-
<b>Total</b>	<b>997</b>	<b>182</b>	<b>1 179</b>	<b>1 937</b>

Listed by programme level	Note	2015/16	2014/15
		R'000	R'000
Programme 1: Administration		1 109	1 797
Programme 2: Growth path and Social Dialogue		28	63
Programme 3: Investment, Competition and Trade		42	77
<b>Total</b>		<b>1 179</b>	<b>1 937</b>

Payables not recognised are raised as and when goods or services are received by the department and no cash has flowed as payment and payment has not yet been made to the other entity hence invoice has been received.

Included in the above totals are the following:	Note	2015/16	2014/15
		R'000	R'000
Confirmed balances with departments	Annex 5	28	-
<b>Total</b>		<b>28</b>	<b>-</b>

**21. Employee benefits**

	Note	2015/16	2014/15
		R'000	R'000
Leave entitlement		2 008	2 360
Service bonus (13 <sup>th</sup> cheque)		1 429	1 419
Capped leave commitments		629	574
<b>Total</b>		<b>4 066</b>	<b>4 353</b>

This is due to an over – grant of leave taken as employees are given full leave credits in January of each year while the information in the financial statements is based on the leave accruals as at 31 March 2016.



## 22. Finance lease expenditure

2015/16	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	1 104	1 104
Later than 1 year and not later than 5 years	-	-	-	548	548
<b>Total lease commitments</b>	-	-	-	<b>1 652</b>	<b>1 652</b>

2014/15	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	920	920
Later than 1 year and not later than 5 years	-	-	-	852	852
<b>Total lease commitments</b>	-	-	-	<b>1,772</b>	<b>1,772</b>

Finance lease consists of lease for cellphones and photocopy machines contracts.

## 23. Irregular expenditure

### 23.1. Reconciliation of irregular expenditure

Opening Balance	213	592
Prior period error	-	(5)
As restated	213	587
Add: Irregular expenditure – relating to current year	401	-
Less: Prior year amounts condoned	(137)	(320)
Less: Amounts not condoned and not recoverable	(76)	(54)
<b>Irregular expenditure awaiting condonation</b>	<b>401</b>	<b>213</b>
Analysis of awaiting condonation per age classification		
Current year	401	-
Prior years	-	218
<b>Total</b>	<b>401</b>	<b>218</b>



**23.2. Details of irregular expenditure – current year**

Incident	Disciplinary steps taken/ Criminal proceedings	2015/16
		R'000
Non – compliance with regulations	Under investigation	288
Splitting the order to avoid SCM process	Under investigation	58
Sourcing Suppliers with invalid tax certificate	Under investigation	55
<b>Total</b>		<b>401</b>

**23.3. Details of irregular expenditure condoned**

Incident	Condoned by	2015/16
		R'000
Acting allowance paid beyond the permitted time frame	Executive Authority	118
Overtime exceeds 30% of monthly basic salary	Accounting Officer	13
Overtime worked prior approval	Accounting Officer	6
<b>Total</b>		<b>137</b>

**23.4. Details of irregular expenditure not recoverable (not condoned)**

Incident	Condoned by	2015/16
		R'000
Overtime incorrectly identified as irregular	Accounting Officer	4
Acting allowance incorrectly identified as irregular	Accounting Officer	72
<b>Total</b>		<b>76</b>

**23.5. Prior period error**

Nature of prior period error	Condoned by	2015/16
		R'000
Relating to 2014/15	Accounting Officer	(5)
<b>Total</b>		<b>(5)</b>



**24. Related party transactions**

	2015/16	2014/15
	R'000	R'000
<b>Revenue received</b>		
Interest, dividends and rent on land	50 000	50 000
<b>Total</b>	<b>50,000</b>	<b>50,000</b>
	2014/15	2014/15
	R'000	R'000
<b>Other</b>		
Guarantees issued/received	242 568	343 885
<b>Total</b>	<b>242 568</b>	<b>343 885</b>

Guarantees are as a result of loans given to IDC by foreign banks.

**List of related party relationships**

EDD had oversight responsibility over the following Public and Trading entities

1. Industrial Development Corporation Ltd (IDC)
2. Competition Commission
3. Competition Tribunal
4. International Trade Administration Commission of South Africa (ITAC)

**sefa** has been transferred to Small Business Department, however the budget allocation has remained with EDD

**25. Key management personnel**

	<i>No. of Individuals</i>	2014/15	2014/15
		R'000	R'000
Political office bearers (provide details below)	2	4 211	4 044
<b>Officials</b>			
Level 15 to 16	2	2 266	2 929
Level 14(incl CFO if at lower level)	14	14 284	13 464
<b>Total</b>		<b>20 731</b>	<b>20 397</b>

**Political office bearers consist of:**

- Minister E Patel
- Deputy Minister B Masuku





**26. Movable tangible capital**

**Movement in movable tangible capital assets per asset register for the year ended 31 March 2016**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>11 730</b>		<b>1 996</b>	<b>951</b>	<b>12 775</b>
Transport assets	3 417	-	-	-	3 417
Computer equipment	4 595	-	1 701	951	5 345
Furniture and office equipment	2 056	-	83	-	2 139
Other machinery and equipment	1 662	-	212	-	1 874
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>11 730</b>	<b>-</b>	<b>1 996</b>	<b>951</b>	<b>12 775</b>

EDD has prepared a submission to be approved by Acting Director General to de-recognise assets from the asset register, those assets amount to R 71 thousand.

**Movable Tangible Capital Assets under investigation**

	Number	Value R'000
<b>Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:</b>		
Machinery and equipment	38	561
<b>Additions</b>		

**26.1. Additions to movable tangible capital assets per asset register for the year ended 31 March 2016**

	Cash R'000	Non-cash R'000	(Capital work-in-progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>3 383</b>	<b>16</b>	<b>(1 403)</b>	<b>-</b>	<b>1 996</b>
Computer equipment	1 685	16	-	-	1 701
Furniture and office equipment	83	-	-	-	83
Other machinery and equipment	1 615	-	(1 403)	-	212
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>3,383</b>	<b>16</b>	<b>(1 403)</b>	<b>-</b>	<b>1 996</b>



## Disposals

### 26.2. Disposals of movable tangible capital assets per asset register for the Year ended 31 March 2016

	Sold for cash	Non-cash disposal	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	-	951	951	-
Computer equipment	-	951	951	
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	-	951	951	-

### 26.3. Movement for 2014/15

#### Movement in movable tangible capital assets per asset register for the year ended 31 March 2015

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	10 307	1	1 481	59	11 730
Transport assets	3 416	1	-	-	3 417
Computer equipment	3 260	-	1 394	59	4 595
Furniture and office equipment	1 986	-	70	-	2 056
Other machinery and equipment	1 645	-	17	-	1 662
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	10 307	1	1 481	59	11 730

#### 26.3.1. Prior period error

	Note	2014/15 R'000
Nature of period error	26.3	
Relating to 2014/15(Affecting the opening balances)		1
<b>Total</b>		<b>1</b>



#### 26.4. Minor assets

##### Movement in minor assets per the asset register for the year ended 31 March 2016

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	723	-	723
Value adjustments	-	-	-	(3)	-	(3)
Additions	-	-	-	177	-	177
Disposals	-	-	-	20	-	20
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>877</b>	<b>-</b>	<b>877</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	8	-	8
Number of minor assets at cost	-	-	-	491	-	491
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>499</b>	<b>-</b>	<b>499</b>

##### Minor Capital Assets under investigation

	Number	Value
		R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	66	116

##### Minor assets

##### Movement in minor assets per the asset register for the year ended 31 March 2015

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	674	-	674
Additions	-	-	-	62	-	62
Disposals	-	-	-	13	-	13
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>723</b>	<b>-</b>	<b>723</b>



## 27. Intangible capital assets

### Movement in intangible capital assets per asset register for the year ended 31 March 2016

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
SOFTWARE	1 802		1 566	-	3 368
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>1 802</b>	<b>-</b>	<b>1 566</b>	<b>-</b>	<b>3 368</b>

### 27.1. Additions to intangible capital assets per asset register for the year ended 31 March 2016

	Cash R'000	Non-cash R'000	(Development work-in-progress current costs) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
SOFTWARE	1 566	-	(1 566)		-
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>1 566</b>	<b>-</b>	<b>(1 566)</b>	<b>-</b>	<b>-</b>

### Movement for 2014/15

### 27.2. Movement in intangible capital assets per asset register for the year ended 31 March 2015

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
SOFTWARE	1 435	-	367	-	1 802
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>1 435</b>	<b>-</b>	<b>367</b>	<b>-</b>	<b>1 802</b>



## Annexures to the Annual Financial Statements for the Year Ended 31 March 2016

### ANNEXURE 1A

#### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2014/15
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Competition Commission	223 045	-	8 000	231 045	231 045	100%	198 212
Competition Tribunal	19 102	-	-	19 102	19 102	100%	19 911
International Trade Administration Commission	88 701	-	-	88 701	88 701	100%	88 374
Public Sector SETA	-	-	-	-	-		323
<b>TOTAL</b>	<b>330 848</b>	<b>-</b>	<b>8 000</b>	<b>338 848</b>	<b>338 848</b>		<b>306 820</b>



**ANNEXURE 1B**

**STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2014/15
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public corporations									
INDUSTRIAL DEV CORP-SA LTD:SEFA	406 397	-	-	406 397	406 397	100.0%	-	-	268 845
INDUSTRIAL DEV CORP-SA LTD	5 000	-	-	5 000	5 000	100.0%	-	-	-
<b>TOTAL</b>	<b>411 397</b>	<b>-</b>	<b>-</b>	<b>411 397</b>	<b>411 397</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>268 845</b>



**ANNEXURE 1C**

**STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2014/15
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Mitchell's Plain Skills Centre	-	-	-	-	-	-	60
<b>Total</b>	-	-	-	-	-	-	<b>60</b>





**ANNEXURE 1D**

**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2014/15
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Employee Social Benefits	152	-	-	151	151	100%	220
<b>Total</b>	<b>152</b>	<b>-</b>	<b>-</b>	<b>151</b>	<b>151</b>		<b>220</b>



**ANNEXURE 1E**

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

		2015/16	2014/15
NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	R'000	R'000
<b>Received in cash</b>			
Tsogo Sun	Donation received for the budget vote guests	80	
SACTWU	Donation received for the budget vote guests	20	
<b>Subtotal</b>		<b>100</b>	<b>-</b>
<b>Received in kind</b>			
Received in kind - 2015/2016			
CCB (China Construction Bank)	Flask and Mugs		
EMPS (Employers Mutual Protection Services)	Note Pad and Pen		
PWC (Price Water Coopers)	7 Diaries and 6 Calendars		
Konica Minolta South Africa	5 Calendars		
TWF (Travel With Flair)	100 Calendars		
<b>Subtotal</b>		<b>-</b>	<b>-</b>
<b>TOTAL</b>		<b>100</b>	<b>-</b>



**ANNEXURE 1F**

**STATEMENT OF AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
Received in cash					
SBM Iron and Steel Manufacturers	Detailed Feasibility Study on the Dimbaza Steel Mill	-	1 270	1 270	-
Rise Up Bakery	To establish up to 50 cooperative bakeries owned by women	-	4 412	4 412	-
<b>TOTAL</b>		-	<b>5 682</b>	<b>5 682</b>	-



**ANNEXURE 1G**

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE**

NATURE OF GIFT, DONATION OR SPONSORSHIP	2015/16	2014/15
(Group major categories but list material items including name of organisation)	R'000	R'000
Made in kind		
Katlego Disabled Children's home in Mabopane(Klipgat)	-	2
Katlego Disabled Children's home in Mabopane(Klipgat)	-	8
<b>TOTAL</b>	-	<b>10</b>



**ANNEXURE 2A**

**STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY TO NATIONAL/PROVINCIAL PUBLIC ENTITIES**

Name of public entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% of shares held		Number of shares held		Cost of investment R'000		Net Asset Value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
		2015/16	2014/15	2014/15	2015/16	2014/15	2015/16	2014/15	2014/15	2015/16	2014/15	Yes/No
National/Provincial Public Entity												
Industrial Development Corporation	Sechedule 2	100	100	1 392 969 357	1 392 969 357	1 392 969	1 392 969	8 761 900	126 818 402	2 505 000	1 569 559	No
<b>TOTAL</b>				<b>1 392 969 357</b>	<b>1 392 969 357</b>	<b>1 392 969</b>	<b>1 392 969</b>	<b>8 761 900</b>	<b>126 818 402</b>	<b>2 505 000</b>	<b>1 569 559</b>	



**ANNEXURE 2B**

**STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES**

Name of public entity	Nature of business	Cost of investment R'000		Net Asset Value of investment R'000		Amounts owing to Entities R'000		Amounts owing by Entities R'000	
		2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Controlled entities									
Industrial Development Corporation of SA	Contribution to growth Industrial Development and Economic Empowerment through its financial activities	1 392 969	1 392 969	79 638 000	126 818 400	-	-	-	-
<b>TOTAL</b>		<b>1 392 969</b>	<b>1 392 969</b>	<b>79 638 000</b>	<b>126 818 400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**ANNEXURE 3A**

**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2016 - FOREIGN**

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2015	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2016	Guaranteed interest for year ended 31 March 2016	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Other									
African Development Bank	IDC	767 330	121 768	-	56 673	8 566	73 661	113	-
KFW (Development Bank)	IDC	314 060	160 977	-	31 192	39 002	168 787	7	-
<b>Total</b>		<b>1 081 390</b>	<b>282 745</b>	<b>-</b>	<b>87 865</b>	<b>47 568</b>	<b>242 448</b>	<b>120</b>	<b>-</b>





**ANNEXURE 3B**

**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2016**

NATURE OF LIABILITY	Opening balance 1 April 2015	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2016
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Born Free Media by Brand SA	2 800		2 800		
<b>TOTAL</b>	<b>2 800</b>	<b>-</b>	<b>2 800</b>	<b>-</b>	<b>-</b>



**ANNEXURE 4**  
**CLAIMS RECOVERABLE**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
Department of Trade and Industry	-	170	-	-	-	170
Department of Agriculture Fishery and Forestry	-	10	-	-	-	10
Correctional Services	-	18	-	-	-	18
Gauteng Department of Education	-	97	-	-	-	97
Department of Tourism	-	-	2	-	-	-
Department of Water and Sanitation	-	-	6	-	-	-
	-	295	8	-	-	295
<b>OTHER GOVERNMENT ENTITIES</b>						
SARS	-	18	-	-	-	18
	-	18	8	-	-	18
<b>Total</b>	-	<b>313</b>	<b>8</b>	-	-	<b>313</b>



**ANNEXURE 5**

**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
<b>Current</b>						
Office of the Chief Justice	27	-	-	-	27	-
DIRCO (Department of International Relations and Cooperation)	38	-	31	-	69	-
the dti (Department of Trade and Industry)	1	-	217	-	218	-
Planning, Monitoring and Evaluation		-	207	-	207	-
<b>TOTAL INTER - GOVERNMENTAL</b>	<b>66</b>	<b>-</b>	<b>455</b>	<b>-</b>	<b>521</b>	<b>-</b>



**ANNEXURE 6**

**INTER-ENTITY ADVANCES PAID (note 10)**

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
DIRCO (Department of International Relations and Cooperation)	-	-	-	82	-	82
GCIS (Government Communications and Information Systems)	393	-	-	-	393	-
<b>TOTAL</b>	<b>393</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>393</b>	<b>82</b>



**ANNEXURE 7**

**INTER-GOVERNMENT RECEIVABLES**

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
CURRENT						
COMPETITION COMMISSION	86 441	764 848			-	764 848
<b>TOTAL</b>	<b>86 441</b>	<b>764 848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>764 848</b>

The confirmed balance relates to outstanding amounts, for administrative penalties imposed and settlements confirmed by the Competition Tribunal due to be paid to the Competition Commission on behalf of the National Revenue Fund.











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**REPUBLIC OF SOUTH AFRICA**