

ANNUAL REPORT

2010/11



**economic
development**

Economic Development Department
REPUBLIC OF SOUTH AFRICA



ECONOMIC DEVELOPMENT DEPARTMENT

Annual Report

2010/11

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Minister's Statement

The Economic Development Department (EDD) has completed its first 12-month financial year and has made a solid contribution to the development of economic policy for South Africa. The progress over the past financial year has been in developing an integrated framework for economic policy, aligning the work of public agencies with the national jobs mandate, coordinating with other departments of state and with other spheres of government to support integration of policy and promoting social dialogue as a key means for forging partnerships for decent work.



The mandate of the ruling party, endorsed in the election of 2009, was to place employment – decent work – at the heart of economic policies. It required that we develop an integrated economic framework and that we go beyond conventional growth strategies which simply target a rate of economic growth. In the context of South Africa's challenges, we needed to do more: to ensure that inclusive growth targets employment and equity so that we make real progress in dealing with the core challenges of mass unemployment, poverty and inequality.

Over the past year, the primary focus of our research and policy development was to finalise a New Growth Path (NGP) for South Africa. The NGP, which was adopted by Cabinet at the end of October last year, set a target of 5 million new jobs by 2020.

The NGP focusses on a number of 'jobs drivers', principally directed at rebuilding and strengthening the productive sectors of the economy and at expanding investment in high-employment sectors (mining, agriculture and crucially manufacturing, which includes agro-processing and mineral beneficiation). The NGP places emphasis on modernising and expanding our economic and social infrastructure. It identifies opportunities in knowledge-based sectors and the green economy, as well as the employment potential of the social economy and public sector. It focusses on African economic integration as a platform for long-term sustainable development.

Immediately following its release in November 2010, we encouraged a wide-ranging discussion and debate on its key measures and the role of business, the state, organised labour and communities in meeting the ambitious but necessary jobs targets that the NGP set.

In his State of the Nation Address on 10 February 2011, President Jacob Zuma declared 2011 a year of job creation. President Zuma indicated that all government departments would align their programmes with the job creation imperative and requested the provincial and local spheres to do the same. The President said that the programmes of the State Owned Enterprises (SOEs) and Development Finance Institutions (DFIs) should also be more strongly aligned to the job creation agenda.

Given the state's enormous leverage for employment creation, directly and indirectly, EDD together with the Department of Performance Monitoring and Evaluation (DPME) is developing a system to measure the employment impact of government programmes and policies. The system will enable us to monitor our progress against annual employment targets and will engender innovative and practical measures for employment creation from within the state.

I have engaged with various forums within government to align key aspects of work with the framework of the NGP, for example in the area of human resource development and broad-based black economic empowerment. EDD has engaged with provincial and local governments to align the provincial growth and development strategies and integrated development plans to the NGP.

Government has been active in social dialogue around the NGP. We had major engagements with business, organised labour and community social partners on the NGP. In November last year, social partners signalled broad support for the five million jobs target. In February this year, social partners deliberated on some

of the critical jobs-impact issues, including skills development. A key objective is a skills pact to maximise the output of high-level skills, including engineers, and artisans. Beyond the period covered by this Report, further progress has been made in forging greater partnerships for jobs.

EDD provided project facilitation support by intervening to address blockages hindering the progress of province-led projects and promoted dialogue to save and create jobs at sector and workplace levels. In addition to bilateral engagements, EDD convened Economic MinMecs to discuss the NGP, the Industrial Policy Action Plan 2 (IPAP2) and the Green Economy, a key jobs driver of the NGP. EDD did initial work on economic spatial perspectives as part of the envisaged regional economic planning framework.

EDD assumed oversight responsibilities over six agencies in the year under review: three development finance institutions, two competition bodies and the international trade administration commission. This work included ensuring additional funding for agencies and working with them to realign, where appropriate, their mandates to the employment-focus of government. In addition, we worked with agencies to improve turnaround times and service-delivery.

In line with the announcement by President Zuma in his State of the Nation Address on 10 February 2011, a decision was taken to merge the small business lending facilities of the Industrial Development Corporation (IDC), Khula and Samaf. The legal and other technical work has begun to ensure that the decision is carried out on an expedited basis and without compromising funding delivery. Funds were secured for Khula to implement a direct-lending pilot, Khula Direct (KD), which will commence in the new financial year. The Department will also work closely with the small business funding entities to ensure that mentoring and support facilities are provided for Small, Medium and Micro-sized Enterprises (SMMEs) to complement the funding that is available. During the period under review, the IDC and Khula made some R270 million available for small and medium businesses to fund projects for which public tenders have been secured. This is an example of coordination that is aimed at improving the success rate of local businesses.

Following a number of engagements with the IDC Board and management, the IDC has revised its funding strategy and focus and has committed to make R102 billion available over the next five year for projects and priorities in the NGP. This is an extraordinarily large increase in the level of available funding (an increase by 160% compared to approvals in the preceding five years) and has been accompanied by other measures to reduce the cost of funding to local businesses and improve turnaround times for approvals of projects.

In the year ahead, the Department will have to work closely with the IDC, provinces and private sector investors to strengthen the project pipeline for funding, to ensure that there are sufficient viable projects to take up the increased funding that is being made available.

During the period of the report, the IDC launched a development bond focussed on creating and saving jobs. The bond, with an issue value of R2 billion, was fully subscribed by the Unemployment Insurance Fund (UIF), and provides low-interest loans to companies for projects that create jobs at a lower cost than the norm. By the end of March 2011, the IDC reported that 7 200 jobs had been saved and at least 10 000 new jobs will be created through projects that have now been approved for funding. These investment projects range from auto components, textiles and mining to the installation of electricity pylons.

Competition policy is a vital tool to build a dynamic and efficient economy. The Competition Act (Act 89 of 1988) provides for conditions to be imposed on a list of public interest considerations, which include employment, small business development and industrial development. It further provides for the Minister of Economic Development to participate in proceedings of the competition authorities in pursuit of public interest considerations.

The Competition authorities and the Department have invoked public interest provisions across a range of investigations and settlements.

The Competition Commission has scored significant breakthroughs against cartel activities in the food and fertiliser industries and is working on a major project in the construction sector. Pioneer Foods entered into a R1 billion settlement with the Commission, which included undertakings regarding capital spending and bread price reduction in addition to penalties. A R250 million Agro-processing Competitiveness Fund was established using part of the proceeds paid over to National Treasury from the settlement of the Pioneer matter.

Following EDD discussions with the investor, the Competition Commission approved the Kansai/Freeworld merger subject to significant employment and industrial capacity conditions in line with the public interest grounds contained in the Competition Act (Act 89 of 1988). These conditions included commitments to maintain local industrial production for at least 10 years, avoid retrenchments for at least three years, open a new manufacturing facility in South Africa for the auto coatings market, support local research and development (R&D) and divest from an existing production capacity so as to avoid market concentration.

As provided for in the Competition Act, the Department, working with the dti and Department of Agriculture, Forestry and Fisheries participated in the Walmart/Massmart hearings convened by the Competition Tribunal. The case proceeded beyond the period of this Annual Report.

The International Trade Administration Commission (ITAC) assisted vulnerable sectors with faster investigations and the imposition of tariffs in some instances as well as the reduction in other cases.

Aside from better alignment of agency work with that of government as a whole, we partnered a number of national government departments to further strengthen coordinated governance.

These covered a range of issues, from developing a beneficiation strategy for the country, to preparing South Africa's position for the Climate Change Conference of the Parties scheduled to take place in South Africa in November this year. Other areas of cooperation included health policy (and the National Health Insurance (NHI)) as well as support for work done on infrastructure development and agriculture, as well as downstream manufacturing activities.

A highlight of coordinated governance was the work of EDD with the Department of Energy (DoE) and the Inter-Ministerial Committee (IMC) to finalise South Africa's new electricity plan, the Integrated Resource Plan 2 (IRP2) (which includes key New Growth Path goals such as an industrial localisation component, green energy targets and support for clean-coal technologies) and cooperation with the Department of Higher Education and Training (DHET) on skills development. There have been engagements with the Department of Public Enterprises (DPE) to align the plans and programmes of SOEs to the NGP. Working with National Treasury and the dti, we jointly proposed changes to the public procurement regulations in order to expand the localisation impact of state spending. In each of these areas, our focus has been on integration of what is done across the state.

Rail policy is now being aligned more to opportunities for mineral extraction but also to address the historic inequities and spatial patterns of apartheid. Green economy promotion is being linked to the support for small business development and with greater local production of components.

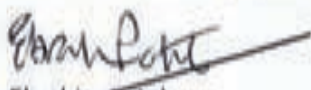
What these examples point to is the serious commitment to integration, coordination and alignment: EDD's contribution to governance is to connect opportunities across the varied activities of the state.

The year under review was EDD's first full year in operation. Basic systems have been put in place and a core of staff employed in the different programmes of the new department. In the process, we have learnt valuable lessons and identified challenges, including the need to work with universities to expand the talent-pool of developmental economists and project managers.

The Department will recruit additional staff in the short and medium term to deepen its capacity to coordinate

implementation of the New Growth Path. EDD will continue to seek to maximise government's employment facilitation efforts to reduce unemployment, poverty and inequality and to work with social partners to combine our resources and energies to meet the national goals.

During the period of the report, I was supported by then Deputy Minister (now Minister) Gwen Mahlangu-Nkabinde and later by Deputy Minister Enoch Godongwana. To them, as well as the Director General and staff of the Department and Ministry, I wish to express my thanks for the work that has been completed and for the role they have played in EDD.



Mr Ebrahim Patel
Minister of Economic Development
28 July 2011

Deputy Minister's Statement

South Africa confronts a sobering array of challenges, chief amongst these is the need to create more job opportunities and establish foundations for sustainable growth. These job opportunities can combat the scourge of poverty and alter the pattern of inequality in the economy. In that light, the most important mission of the Economic Development Department (EDD) is the co-ordination of growth stimulating and employment creating initiatives.



EDD's contribution to employment outcomes is largely dependent on its operational and organisational effectiveness. The results, which will be refined with experience, will focus us on the outcomes we wish to achieve. This Annual Report is important because it helps us to recognise what has been achieved so far and what still lies before us.

The desired outcomes of an employment creating economy are the source and locus of our development activities. The capacity of the department and its policy development should reflect the aspirations that are embedded in the mandate of EDD. Our role is to develop the optimum channel through which the aspiration of job creation will be realised.

The rapidly shifting economic environment underscores the need for EDD to remain responsive. At the same time publishing the Annual Report highlights our priorities and performance at an organisational level.

EDD has made considerable efforts to become a results oriented Department. So much is already well underway, from the formation of the Department itself to the formulation of policy positions in line with the New Growth Path (NGP).

Importantly, our social partners are vital to our success. They have been at the very heart of efforts to help generate policy options for employment creation.

Let me conclude by saying:

We have concrete plans and programmes that are anchored by economic development projects that are visible and accessible to the greater public.

We are slowly turning our weaknesses into our strengths. The challenges we face are real, but we cannot fail as that will betray the trust that our people have bestowed on us.

A handwritten signature in black ink, appearing to read 'E. Godongwana', written over a light blue horizontal line.

Mr Enoch Godongwana
Deputy Minister – Economic Development
28 July 2011

Accounting Officer's Overview

EDD aims to coordinate the contributions of government departments, state entities and civil society on economic development; to contribute to efforts that ensure alignment between the economic policies and plans of the state and its agencies and government's political objectives and mandate; and to promote government's goals of advancing economic development with decent work opportunities.



A core motivation for the establishment of EDD was to enhance government's focus on decent employment through inclusive growth. A new emphasis on employment creation was engendered by EDD through its policy initiatives. Major milestones in 2010/11 included the adoption by Cabinet of the NGP and the signing of the Outcome 4 Delivery Agreement, both in October 2010. The platform was created for the implementation of these plans, and in the case of the NGP the institutionalisation of the strategic framework within government.

In its first full year of existence, EDD has established itself as a key player in the Economic Cluster of departments, leading the coordinating Directors-General (DGs) of Outcome 4, driving implementation of the NGP and reporting to Cabinet on progress. EDD has expanded its outreach to provincial and local governments in order to provide facilitation support from national government to key initiatives led by these spheres. Social dialogue led by EDD has contributed to the creation and saving of jobs in distressed industries and has established consensus among social partners in the implementation of the NGP.

EDD has been engaged in key government initiatives such as anti-poverty visits of the Deputy President, the development of land use management legislation, the development of sector strategies and it has supported various spatial initiatives. The department held consultations on the NGP and began research into the critical areas of youth unemployment, the second economy and cooperatives. EDD engaged with its public entities on policy and corporate governance issues, including their alignment with the NGP and the merger of EDD's small business entities.

2010/11 was also the year in which EDD became more self-sufficient in corporate governance matters, taking over a number of functions previously undertaken on our behalf by the dti. The Human Resource Management component and the Office of the Chief Financial Officer built their capacity and Internal Audit capacity was created. Even though we have taken many positive strides in building our capacity, we continue to rely on the dti for Information Technology and Facilities Management, and I would like to thank the DG and staff of the dti for their unstinting support.

We faced a number of challenges, including the need to recruit staff rapidly, particularly in sourcing individuals with appropriate skills and experience. EDD recruited in two streams to ensure optimal capacity for the implementation of its policies and programmes: permanent employees mainly at senior management level and contract employees at middle management level. In the year under review the staff complement grew from less than 20 to just under 100, and a youthful and enthusiastic team was established.

I would like to thank the Minister and Deputy Minister for their leadership and all the staff who have contributed to the success of EDD in its first full year of existence. In the coming year we will build on the capacity and energy we have established to work towards decent employment through meaningful economic transformation and inclusive growth.

A handwritten signature in black ink, appearing to read 'Richard Levin'. The signature is fluid and cursive, written on a light-colored background.

Prof. Richard Levin
Director-General of Economic Development
27 July 2011

PART A:

GENERAL INFORMATION



PART A:

GENERAL INFORMATION



Vision

Decent work through meaningful economic transformation and inclusive growth.

Mission

The Economic Development Department (EDD) aims to -

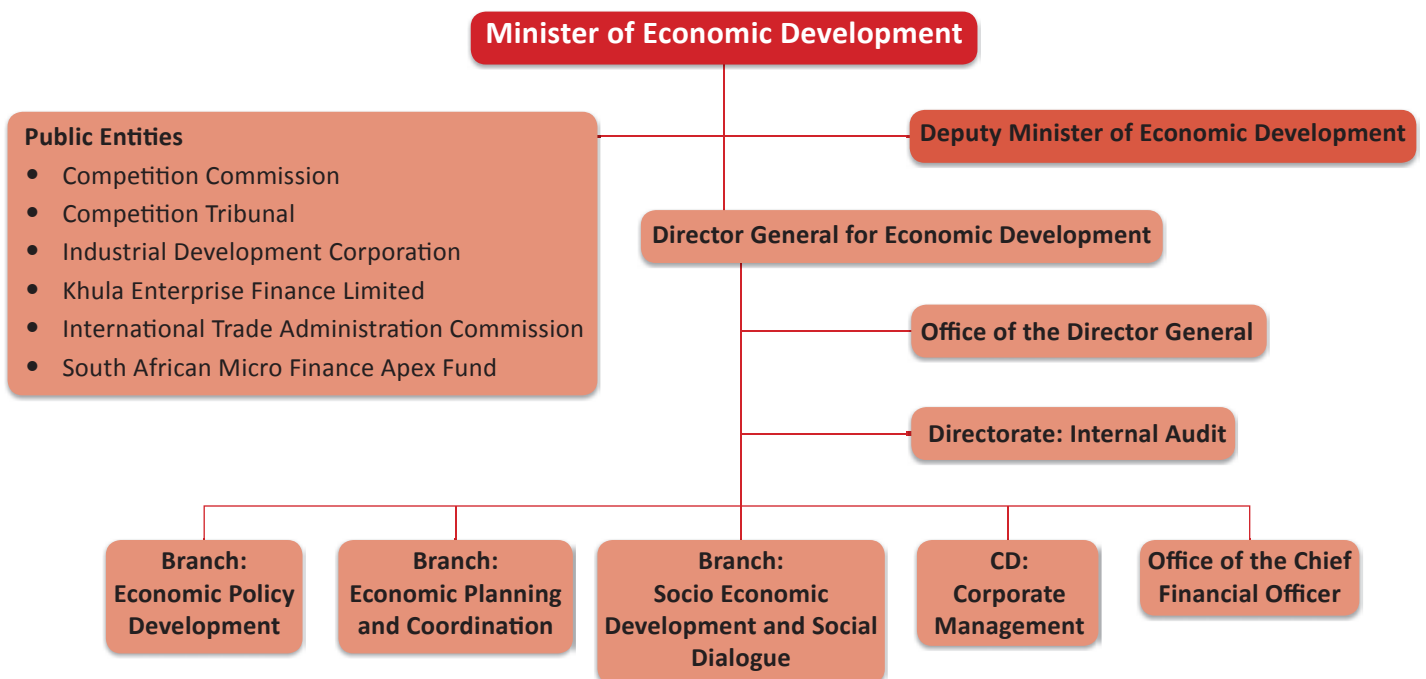
- *co-ordinate the contributions of government departments, state entities and civil society on economic development;*
- *contribute to efforts that ensure alignment between the economic policies and plans of the state and its agencies and government’s political and economic objectives and mandate; and*
- *promote government’s goals of advancing economic development with decent work opportunities.*

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 (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*
- *Sustainability (environment, social and economic)*

Organisational Structure



Legislative Mandate

The EDD was formally established on 7 July 2009, following President Zuma's announcement of a new structure for national government. The President stated on 10 May 2009 that "Cabinet... has been reorganised to achieve better alignment between the structure, our electoral mandate... and the developmental challenges that need to receive immediate attention from government".

In line with this, the President announced that "[a] new department of Economic Development has been established to focus on economic policy making".

In his State of the Nation address on 3 June 2009, the President stated: "The creation of decent work will be at the centre of our economic policies and will influence our investment attraction and job-creation initiatives. In line with our undertakings, we have to forge ahead to promote a more inclusive economy."

During the Presidency Vote on 24 June 2009, the President stated: "The Economic Development portfolio will have a strong domestic focus and will address, amongst others, matters of macro and micro-economic development planning."

The new Department is, therefore, part of a new configuration of government that centres on the four interconnected areas of policy-development, planning, effective implementation and continuous monitoring and evaluation.

The Department is responsible for developing economic policy with a broad, cross-cutting focus so that macro and micro-economic policy reinforce each other and are both aligned to the electoral mandate. The Department will also be responsible for economic development planning and will work collegially with other departments to ensure coordination around a programme that places decent work at the centre of government's economic policies in order to secure better employment outcomes.

Legislation tabled during the 2010/11 financial year

None.

Entities Reporting to the Minister

The following entities report to the Minister of Economic Development:

Name of entity	Legislation	Nature of Business
Competition Commission	Competition Act, 1998 (Act 89 of 1998)	Implements competition policy
Competition Tribunal	Competition Act, 1998 (Act 89 of 1998)	Adjudicates competition matters
International Trade Administration Commission (ITAC)	International Trade Administration Act, 2022 (Act 71 of 2002)	Administers international trade
Industrial Development Corporation (IDC)	Industrial Development Corporation Act, 1940 (Act 22 of 1940)	Development finance institution
Khula Enterprise Finance Limited (Khula)	National Small Business Act, 1996 (Act 102 of 1996)	Development finance institution
South African Micro-finance Apex Fund (Samaf)	A trading entity of EDD	Development finance institution

PART B:

INFORMATION ON PREDETERMINED OBJECTIVES



PART B:

INFORMATION ON PREDETERMINED OBJECTIVES



Overall Performance

Voted Funds

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/Under Expenditure R'000
418,597	449,840	400,674	49,166
Responsible Minister	Minister of Economic Development		
Administering Dept	Economic Development Department		
Accounting Officer	Director-General of Economic Development		

Aim of vote

The aim of the EDD is to promote economic development through participatory, coherent and co-ordinated economic policy and planning for the benefit of all South Africans.



Summary of Programmes

Programme 1: Administration

Purpose: Co-ordinate and render an effective, efficient, strategic support and administrative service to the Minister, Deputy Minister, Director-General, the department and its agencies.

Programme 2: Economic Policy Development

Purpose: Strengthen the economic development policy capacity of government; review, develop and propose the alignment of economic policies; and develop policies aimed at broadening participation in the economy and creating decent work opportunities.

Programme 3: Economic Planning and Co-ordination

Purpose: Promote economic planning and co-ordination through developing economic planning proposals; provide oversight and policy co-ordination of identified development finance institutions and economic regulatory bodies; and contribute to the development of the green economy.

Programme 4: Economic Development and Dialogue

Purpose: Promote social dialogue; implement strategic frameworks; build capacity among social partners; and promote productivity, entrepreneurship and innovation in the workplace.

Key strategic objectives

Programme 1: *Administration*

Strategic Objective 1	Provide strategic support and administrative service to the Minister and the Deputy Minister
Strategic Objective 2	Provide strategic support and administrative service to the Director-General
Strategic Objective 3	Provide operational and administrative support to EDD

Programme 2: *Economic Policy Development*

Strategic Objective 1	Coordinate the implementation of the New Growth Path
Strategic Objective 2	Develop economic policies and sector strategies
Strategic Objective 3	Promote Broad-Based Black Economic Empowerment (B-BBEE)
Strategic Objective 4	Transform and mainstream the second economy
Strategic Objective 5	Establish an Economic Development Institute

Programme 3: *Economic Planning and Co-ordination*

Strategic Objective 1	Develop Sector, Spatial and National Economic Plans
Strategic Objective 2	Promote Investment for Economic Development
Strategic Objective 3	Promote Competitiveness and Trade for Decent Work
Strategic Objective 4	Leverage State Budgeting and Financing and Procurement Processes
Strategic Objective 5	Grow the Green Economy

Programme 4: *Economic Development and Dialogue*

Strategic Objective 1	To Lead National Social Dialogue and Implement Strategic Frameworks
Strategic Objective 2	Engage in Sector and Workplace Social Dialogue
Strategic Objective 3	Support Capacity building for Economic Development
Strategic Objective 4	Foster Productivity, Entrepreneurship and Innovation

Overview of the service delivery environment for 2010/11

South Africa's economic growth since 1994 has been on a par with all middle income countries except China and India. However, unemployment is far higher, reflecting a long-term decline in the employment ratio from the late 1970s. Income inequality is among the worst in the world. The downturn from late 2008 wiped out over a million jobs, returning unemployment to levels of the early 2000s. This is the primary challenge that the EDD was established to address.

The New Growth Path (NGP) sets a target of 5 million new jobs by 2020, which requires that employment climb an estimated 3.4% per year, on average, over the next ten years. In implementing the NGP, the Department and the Economic Cluster of Departments will introduce targeted measures to support employment-creating activities; finalise a crosscutting package of macro and micro economic policies to ensure equitable, competitive and dynamic growth; strategies to support African regional development and South-South relations; and promote social dialogue and partnerships to ensure realistic and cost-effective measures and support implementation.

Overview of the organisational environment for 2010/11

EDD continues to have a very small staff complement compared to its full establishment. For the period covered, the department had 124 funded posts. By 31 March 75 officials had been appointed, and a further 15 had accepted offers of employment from the Department. Thus 90 people were employed or contracted to be employed by year end.

Recruiting staff of a suitable calibre has been challenging due to constraints in the labour market. The Department will continue to seek high-calibre staff, including through further extending the recruitment process.

Key senior managers were recruited throughout the year. Significant vacancies remain and will be addressed in the coming financial year. A number of officials were appointed at middle management level on contract to provide support to the senior managers. It is the intention to add a number of middle management posts on to the establishment of the department, so that this support can be sustainable.

EDD will continue to recruit as aggressively as possible given these challenges. Areas in which capacity will be built include: oversight of entities; project facilitation; policy development; and management.

Key policy developments and legislative changes

On 25 October 2010 Cabinet adopted the NGP, a strategy promoting decent work and inclusive growth. The NGP identifies key sectors in the economy with high jobs potential that will be supported by government. It further identifies key policy interventions to create an environment conducive to economic growth and job creation. Finally, it advocates a process of social dialogue to secure dialogue from key stakeholders in society. The implementation of the NGP became a central focus of EDD work in the latter part of the 2010/11 financial year.

NEW GROWTH PATH

The New Growth Path (NGP) sets an ambitious jobs target of 5 million new jobs by 2020 and directs that economic policy should actively pursue jobs goals.

Government will focus on unlocking the employment potential in six key sectors and activities:

- infrastructure, through the massive expansion of transport, energy, water, communications capacity and housing, underpinned by a strong focus on domestic industry to supply the components for the build-programmes
- the agricultural value chain, with a focus on expanding farm-output and employment and increasing the agro-processing sector
- the mining value chain, with a particular emphasis on mineral beneficiation as well as on increasing the rate of minerals extraction
- the green economy, with programmes in green energy, component manufacture and services
- manufacturing sectors in the Industrial Policy Action Plan 2 (IPAP2)
- tourism and certain high-level services.

The NGP has a number of key organising principles including:

- a) improving the labour absorption capacity of the economy, both in the absolute number of jobs created as well as in the labour intensity of economic growth, ie the number of jobs per 1% of Gross Domestic Product (GDP) growth or per R1 billion of investment
- b) rebuilding the productive capacity of South Africa, among other through a stronger focus on key real economy sectors and improving their performance

- c) integrating green considerations in economic growth, both by decreasing the carbon emission of economic activities as well as actively identifying new opportunities in the green economy
- d) focusing on the opportunities on the African continent for South Africa, and supporting both logistics and industrial opportunities elsewhere on the continent that can strengthen South Africa's own employment and economic development
- e) improving the coherent and linkages between different sectors (for example between infrastructure components and local manufacturing capacity) as well as between public institutions to ensure that the jobs and development opportunities are maximised
- f) promoting social partnerships between business, labour and government as critical instruments to drive the jobs goals

In addition to these key organising principles, there are number of areas that are identified for particular focus and these include:

- lowering the cost of capital for industrial enterprises and manufacturing activities
- improving skills development across the economy
- strengthening competitiveness in the economy and tackling inherent problems of monopolies and price-fixing
- supporting the growth of smaller businesses as well as cooperatives as a means of drawing more South Africans into entrepreneurial activities and improving job creation
- focusing trade policy on the opportunities in fast growing economies, including through rebalancing trade with stronger exports of manufactures goods
- strengthening rural development through both the location of industrial activity as well as supportive infrastructure that can unlock opportunities for rurally based citizens
- addressing the key development goals of women empowerment, B-BBEE, youth employment and local economic development
- improving the performance of development finance institutions, including the cost of their services, turnaround times for sign off on key projects and the level of capital that they can mobilise for the identified activities set out in the NGP.

At its January 2010 Lekgotla, Cabinet adopted a new outcomes-based approach to monitoring and evaluation of government's performance. The Coordinating Ministers for Outcome 4 (Minister Gordhan, Minister of Finance; Minister Davies, Minister of Trade and Industry; and Minister Patel, Minister of Economic Development) led the development of Outcome 4: Decent Employment through Inclusive Growth. A Delivery Agreement was developed for the outcome, which was discussed at the July 2010 Cabinet Lekgotla. The Delivery Agreement for Outcome 4 was signed by the relevant Ministers on 20 October 2010. The implementation of the Delivery Agreement became an important focus for the Department.

Departmental revenue, expenditure, and other specific topics.

Collection of departmental revenue.

The departmental revenue collection for the financial year 2010/11 is R 547 237 000 or 238% of the estimated revenue of R 230 000 000 for the year as a whole. There is no comparison with mid-year revenue collections in 2009/10 since EDD is currently in its first financial year of operation as a budget vote. The main revenue generator for the department are fines from penalties from the Competition Commission and the Competition Tribunal against companies that have been found guilty of violating competition laws, with the Pioneer Foods case being the main highlight for the 2010/11 financial year.

The table below provides a breakdown of the sources of revenue:

	2007/08 Actual	2008/09 Actual	2009/10 Actual	2010/11 Target	2010/11 Actual	% deviation from target
	R'000	R'000	R'000	R'000	R'000	
Tax revenue						
Non-tax revenue						
Penalties and Fines				230,000	547,237	238%
Sales of capital assets						
Financial transactions						
TOTAL DEPARTMENTAL RECEIPTS				230,000	547,237	238%

Departmental expenditure

The allocated budget for the department for the 2010/11 financial year was R 449 840 000. The expenditure for 2010/11 was R 400 674 000 which is 89% of the voted budget.

Transfer payments

The department has policy oversight over three development finance institutions: the Industrial Development Corporation, Khula Enterprise Finance and the South African Micro-finance Apex Fund. The department also promotes competitiveness and decent work through its oversight of three economic regulatory bodies: the Competition Commission, the Competition Tribunal and the International Trade Administration Commission.

Entities received transfers from EDD's adjusted budget as follows:

- Khula Enterprise Limited: R 73 179 000
- South African Micro finances Apex Fund: R 82 832 000
- International Trade and Administration Commission: R 64 343 000
- Competition Commission: R 117 661 000
- Competition Tribunal: R 13 625 000
- University of Johannesburg for the Social Economy Academy R 4 820 000

Section 38(1)(j) of the Public Finance Management Act (PFMA)

All entities submitted their undertakings in terms of section 38(1)(j) of the PFMA before receiving funds from EDD.

Conditional grants and earmarked funds

Not Applicable

Capital investment, maintenance and asset management plan

Capital Investment

Not Applicable

Asset Management

The 2010/11 financial year is EDD's first as a separate vote. EDD's funds for 2009/10 were only appropriated during the Adjusted Budget process. This was done through appropriating EDD's budget to the Department of Trade and Industry's (the dti) existing financial management infrastructure in a sub-programme under Programme 1. EDD acquired assets during the 2009/10 financial year which were paid for using EDD's adjusted appropriated budget. The dti assisted EDD to acquire these assets, which were subsequently transferred to EDD from the dti on the 31 March 2011. Assets transferred to EDD were acquired at a cost of R2,250 000, and among others include: 7 Vehicles, 36 printers, 28 laptops and 5 projectors.

EDD does not own or procure immovable property. It rents office space within the dti Campus in Tshwane and parliamentary offices in Cape Town. The dti Campus is managed through a Private Public Partnership (PPP) between the dti, Rainprop and Experience Delivery Company (EDC). As part of the PPP conditions, office furniture is not acquired directly by government. With regard to the Cape Town offices EDD buys all assets including office furniture.

EDD continued to acquire new assets during the 2010/11 financial year. Total assets acquired during the year under review amount to R4 333 000 and among others include: vehicles, office equipment and office furniture for the Cape Town Office. The total value of assets of the department as at the 31 March 2011 was R6 584 000.

EDD uses the LOGIS system to account for all its assets. Assets received are loaded on the LOGIS system upon delivery. EDD officials in the Supply Chain Management unit periodically conduct asset verifications. These verifications are a control measure to ensure that assets acquired are safeguarded, in working order and are indeed held by EDD. Assets on LOGIS are then compared to assets verified.

No major maintenance projects were undertaken during the period under review.

During the forthcoming financial year EDD will continue to acquire assets based on need and these will include computers and computer related equipment, office furniture and vehicles, among others.

The Government Immovable Asset Management Act (GIAMA) is not applicable to EDD since the department does not acquire nor have immovable assets.

Maintenance

EDD did not incur major expenditure on normal maintenance of property assets during the period under review.



PROGRAMME PERFORMANCE



Programme 1: Administration

Purpose: Co-ordinate and render an effective, efficient, strategic support and administrative service to the Minister, Deputy Minister, Director-General, the department and its agencies.

Office of the Minister

Executive responsibilities

The Minister's executive responsibilities included attending meetings of Cabinet, Cabinet Committees, Presidential Councils, Inter-Ministerial Committees, Ministerial Economic Sectors and Employment Cluster (ESEC) meetings and meetings of the Coordinating Ministers of the Cluster. Through these engagements the Minister advocated the maximization of employment creation.

In the Ministerial Cluster and in Cabinet the focus was on consultation on the NGP and Outcome 4 on Decent Employment and Inclusive Growth. The NGP is a strategy for maximizing employment creation in the economy. It identifies key sectors with jobs potential and outlines policy adjustments that will improve the environment for job creation. President Zuma in his State of the Nation Address on 10 February 2011 announced that 2011 was a year of job creation.

The outputs agreed to under Outcome 4 are aimed at boosting economic growth and employment creation, and include macro-economic interventions, work on financing development, promoting small, medium and micro enterprises, addressing cost drivers in the economy, expanded public works, building the manufacturing sector and other productive sectors in the economy and strategies for youth employment. The implementation forum for Outcome 4 is the Economic Cluster.

The Presidential Councils included the Broad-Based Black Economic Empowerment (B-BBEE) Advisory Council, the Human Resource Development Council and the President's Coordinating Council. The Minister accompanied the Deputy President on Anti-poverty visits to two impoverished municipalities (Lubala, Eastern Cape and Taung, North West Province). The Energy Inter-Ministerial Committee (IMC) developed the Integrated Resource Plan (IRP2) which requires that 42% of South Africa's energy must come from clean sources by 2030. The Minister convened the NGP IMC on 2 February 2011. The Minister was a member of eight other IMCs (Pebble Bed Modular Reactor (PBMR), National Health Insurance, Anti-Poverty, Bilateral Investment Treaties, Climate Change, Square Kilometre Array and Iron Ore) during this period and chairs the IMC on the NGP.

Parliament

The Minister and Director-General engaged with the Portfolio and Select Committees on Economic Development. The Committees requested briefings on statutory obligations, in particular the tabling of the Annual Report and Strategic Plan, and requested EDD's entities to present on their plans and reports. The Portfolio Committee requested presentations on EDD's quarterly reports and an overview of EDD's entities' performance.

The Portfolio Committee was briefed on the NGP on two occasions and EDD briefed the Committee on IPAP2 jointly with the dti. A number of parliamentary committees requested briefings on the NGP with a particular focus on its impact on their portfolio, including the committees on Water Affairs and Tourism. The Minister replied timeously to 74 Parliamentary Questions.

Stakeholder engagement

The Minister chaired the National Economic Development and Labour Council's (Nedlac) Leadership Team, responsible for the implementation of the Framework for South Africa's Response to the International

Economic Crisis. In support of the Green Economy, he addressed the Green Economy Summit co-hosted with the Department of Environmental Affairs (DEA), an International Labour Organisation (ILO) workshop on the Promotion of Green and Decent Jobs in the South African Building and Construction Industry, and the Green Economy Business Forum convened by EDD.

The Minister held dialogues with Business and Labour on the NGP on three occasions, and presented the NGP at the Business and Labour Summits convened by President Zuma. The Minister engaged with the private sector including addresses to the South African Chamber of Commerce and Industry Annual Dinner, the JP Morgan Conference and the Conference on Investing in the NGP: Mobilising Savings (or Retirement Funds) for Development. The Minister also addressed meetings of the Business Unity South Africa (BUSA) Council and the meetings of organised labour.

The Minister arranged opportunities for local business in poor municipalities in the Western Cape, bringing development finance institutions, small-business lenders and banks together with entrepreneurs and business people in the local community. He addressed conferences on youth employment and congresses of trade unions on employment challenges.

Office of the Deputy Minister

In a Cabinet reshuffle on 2 November 2010, Ms Gwen Mahlangu-Nkabinde, Deputy Minister of Economic Development, was appointed Minister of Public Works. Mr Enoch Godongwana, then Deputy Minister of Public Enterprises, was appointed Deputy Minister of Economic Development.

Deputy-Minister Mahlangu-Nkabinde engaged foreign diplomats and provincial Members of Executive Council (MECs) to promote cooperatives and Small and Medium-sized Enterprises (SMMEs). She also promoted policy focuses of government and Cooperative Governance and Traditional Affairs (CoGTA), the South African Local Government Association (SALGA) and other stakeholders on local economic development. The Deputy Minister was a member of the Nedlac Executive Committee (EXCO) and the Economic Development Ministerial MEC Meeting (MinMEC) and liaised with the National Council of Provinces (NCOP) on behalf of EDD.

Deputy-Minister Godongwana participated in various engagements and made presentations to various stakeholders on the NGP and participated in the social dialogue engagements on the NGP. The Deputy Minister has engaged with provincial and local government on SMMEs and local economic development matters.



Office of the Director-General

The Office of the Director-General (ODG) is responsible for coordination between the Minister's office, Deputy Minister's office and the Department. It arranges for the management meetings of the Department and the logistics of the MinMEC and Technical MinMEC meetings. It has the specific mandate of planning and reporting and in the period under review was responsible for engaging with the corporate services of the public entities reporting to EDD.

General Management Services

Chief Financial Officer

The Office of the Chief Financial Officer (OCFO) provided financial services to the department with support from the dti and liaised with the dti regarding office accommodation. The OCFO made the required statutory submissions to the National Treasury including the 2011 Medium Term Expenditure Framework (MTEF) budget submission, together with requests for additional funds for EDD's entities, the Adjusted Budget submission, and EDD's chapter of the Estimates of National Expenditure (ENE).

Human Resource Management

Human Resource Management renders an integrated human resources management support to the Department with regard to personnel administration, recruitment and selection, job evaluations, performance management, staff development and human resources management policies and practices. EDD was supported by the dti in fulfilling these responsibilities.

Although EDD has an establishment of 265 posts, 124 were funded in the 2010/11 financial year in line with the phased-in approach over the MTEF period. By 31 March 2011, 90 officials had been appointed, 15 of whom were due to commence work on or after 1 April 2011. In several positions a suitable candidate was not found and headhunting was employed to attract high calibre staff.



Programme 2: Economic Policy Development

Purpose: Strengthen the economic development policy capacity of government; review, develop and propose the alignment of economic policies; and develop policies aimed at broadening participation in the economy and creating decent work opportunities.

Sub-programmes:

Growth Path and Creation of Decent Work focuses on identifying policies to realise a growth path that addresses the economy's structural constraints, expands the industrial base and creates decent work opportunities on a larger scale.

Economic Policy evaluates macro and micro economic policy tools utilised by government to promote its developmental agenda and improve the alignment, efficiency and impact of policy tools. It will utilise a formal and quantified framework (economic modelling) to establish synergy between various policies.

Broad-Based Black Economic Empowerment (B-BBEE) aims to ensure that the economy is transformed to enable meaningful participation of the majority of its citizens, focusing on, amongst others, employment equity, staff training, preferential procurement, enterprise development and the advancement of cooperatives.

Second Economy develops policies that will create and sustain livelihoods and transform second economy activities into dynamic, competitive activities that are part of the economic mainstream and included in the country's tax and other regulatory arrangements, and to ensure decent incomes for entrepreneurs and workers.

Economic Development Institute and Research will establish an Economic Development Institute to draw together leading economic researchers and economic development practitioners in order to provide analysis of the data collected by the state and other institutions and to produce research and policy papers.



Performance against predetermined objectives:

Programme: Economic Policy Development				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Develop the Growth Path and Create Decent Work	Number of policy and analytical papers on economic policy challenges per year	10	10	-
	Number of policy platforms on economic policy challenges per year	10	10	-
	Development of the Growth Path document	October 2010	The NGP was adopted by Cabinet as the over-arching economic strategy on 25 October 2010.	-
Develop Economic Policy	Participate in Economic Cluster Work on Outcome 4: "Decent employment through inclusive growth"	Participate in all cluster meetings	Participated in all cluster meetings.	-
	Advice on economic policy issues as and when required	Briefing notes on all policy issues to be provided to the Ministry	Briefings provided to Cabinet. Four economic briefing reports provided to the Minister. Panel of experts provided a briefing report on the Walmart/Massmart merger.	-
	Conceptual work on model for assessing employment impact of economic policies	March 2011	EDD worked with DPME to develop information systems to capture the employment impact of government activities.	-
Promote Broad-Based Black Economic Empowerment	Support the Minister's participation in the B-BBEE Council	2 meetings per year	3 meetings attended.	-
Mainstream the Second Economy	Commence research and consultation on youth employment,	March 2011	Information collated in youth employment.	-
	Commence research and consultation on mainstreaming second economy activities	March 2011	One research report produced.	-
	Commence research and consultation on a cooperatives strategy	March 2011	One research brief produced.	-
Establish an Economic Development Institute	Appointment of policy staff in the department (establishment will take place over the MTEF period)	Fill posts over MTEF period	Three senior staff members appointed.	Competing priorities, lack of staff

Policy and analytical papers on economic policy challenges

1. The New Growth Path document and summaries

In response to the strategic objective of creating decent work, reducing inequality and defeating poverty, a developmental growth path for South Africa was prepared. An executive summary and a detailed document for the NGP were prepared and presented to Cabinet Lekgotla.

2. Discussion document on the social economy

Based on work for the Growth Path, a discussion document on the social economy was prepared.

3. Discussion document on the knowledge economy

The knowledge economy is identified in the NGP as one of the key job drivers. Drawing on the NGP, a discussion document on the knowledge economy was prepared which forms the basis for inter-governmental processes on the key policy and institutional changes and innovations that need to be explored in order to maximise and grow South Africa's knowledge economy as a job driver in the South African economy.

4. Discussion document on mining and beneficiation

Based on work for the NGP, a draft discussion document on mining and beneficiation was prepared. The document draws on the beneficiation strategy prepared by the Department of Mineral Resources (DMR) as well as inputs by the IDC and other research commissioned for the NGP process.

5. Discussion document on manufacturing

Based on work for the NGP, a draft discussion document on manufacturing was prepared. The document draws on the dti's IPAP2 as well as inputs by the IDC and other research commissioned for the NGP process.

6. Discussion document on the public sector

Based on work for the NGP, a discussion document on the contribution of the public sector to employment creation was prepared. The paper considers both public employment schemes and the role of the public service.

7. Discussion document on agriculture and rural development

Based on work for the NGP, a draft discussion document on the agriculture and rural development was prepared. The document draws on the work by the Department of Rural Development and Land Reform (DRDLR) and the Department of Agriculture, Forestry and Fisheries (DAFF) as well as analysis of the spatial economy and work on the potential of smallholder schemes, community gardens and public employment schemes to contribute to rural livelihoods.

8. Socio-economic assessment of Integrated Resource Plan

The document was finalised in collaboration with the IDC. It focused on the impact of key proposals in the Integrated Resource Plan (IRP) and on identifying the critical path to ensure its implementation. A draft was submitted to Nedlac.

9. Review on the introduction of a fabric rebate

A review has been conducted with the IDC, ITAC and the dti on a rebate as an intervention to boost competitiveness while securing jobs by reducing unit costs in the domestic apparel industry.

10. Alignment with the NGP

The Branch developed detailed inputs on alignment with the NGP for the Broad-Based BEE Advisory Council and for the Human Resources Development (HRD) Council.

Policy platforms on economic policy challenges

1. The 2nd Next Economy National Dialogue

The 2nd Next Economy Dialogue held on 19 July was on the Economic Lessons from the Soccer World Cup. It was addressed by Dr Danny Jordaan, Dr Nkosazana Dlamini-Zuma, and Mr Goolam Ballim. There was media coverage in the Star, Cape Times and the SABC.

2. EDD-ILO workshop on the construction sector and the green economy 17 May

The Green Jobs Workshop identified high growth potential sectors including energy efficiency, renewable energy, mobility, recycling, sustainable agriculture and forestry, environmental services and renewable materials. The workshop also highlighted donor funding that would be available to support green jobs pilots.

3. Co-hosting of Green economy summit 18-20 May

The Green Economy Summit involved stakeholders in exploring the potential of the Green Economy to contribute to growth while reducing environmental damage. The summit highlighted the importance of social dialogue and social partners in this transformation of the economy.

4. Seminar on exchange rates

A seminar on managing the exchange rate was held on October 30, 2010. It was addressed by international experts on exchange rate management, who provided insights into international experiences. These speakers included Paulo Vieira da Cunha, former Deputy Governor and MPC member of the Central Bank of Brazil, and Zainal Aznam Mohd Yusof from the National Economic Advisory Council of Malaysia.

5. Policy Platform on Food Sufficiency

The Policy Platform on Food Sufficiency was held in partnership with the Cape Times on 18 November 2010 in the Parliamentary precinct. Speakers included Minister Tina Joemat-Pettersson, Mr Artwell Nazo of the Food and Allied Workers Union (FAWU) and Dr Anwah Nagia, Executive chairman of Altius Investment.

6. Green Economy Business Forum

A Green Economy Business Forum was hosted by EDD on 9 December 2010. 75 delegates attended from sectors of the Green Economy. The forum demonstrated that there is significant interest from business in this sector, which has immense growth and employment creation potential.

7. Public Lecture by Prof Joseph Stiglitz

Prof Stiglitz visited South Africa in January 2011 as the guest of Minister Patel. On 17 January EDD in partnership with the Mail & Guardian hosted a public lecture by Prof Stiglitz on Climate Change and Economic Development at the Reserve Bank in Pretoria. The event was chaired by the Premier of KwaZulu-Natal, Dr Zweli Mkhize. Three discussants gave inputs: Mr Frans Baleni, Secretary General of the National Union of Mineworkers (NUM), Mrs Futhi Mtoba, President of Business Leadership South Africa and Mr Nic Dawes, Editor-in-Chief of the Mail & Guardian.



Public lecture by
Prof. Joseph Stiglitz

8. Seminar by Prof Joseph Stiglitz and Dr Jomo Kwame Sundaran

On 19 January 2011 EDD hosted a seminar which was addressed by the eminent economists Prof Joseph Stiglitz, winner of the Nobel Prize for Economics and University Professor at Columbia University, and Dr Jomo Sundaram, a prominent Malaysian economist currently serving as United Nations Assistant Secretary-General for Economic Development in the United Nations Department of Economic and Social Affairs (DESA).

9. **Discussion with the Mining Industry Growth, Development and Employment Task Team (MIGDETT) on implications of NGP for mining**
This involved a workshop with national and provincial departments and relevant experts on methods for assessing the employment impact of the state.
10. **Workshop on assessing the direct and indirect impact of the state on employment**
A Workshop was held on assessing the direct and indirect impact of the state on employment, with experts from the ILO, National Treasury, Statistics South Africa, the dti, and provinces.

Development and implementation of the New Growth Path

The NGP was developed through a process of consultation within government and with stakeholders and experts and drawing on research and policy work from within and outside government. Twelve bilaterals were held at ministerial level prior to the finalisation of the NGP. At departmental level meetings were held with the dti, DoE, Department of Basic Education (DBE), DMR, DRDLR, DHET, the Department of Social Development (DSD), the Department of Arts and Culture (DAC) and the National Treasury, amongst others. The IDC provided support with economic analysis and modeling.

Government engaged social partners on the NGP in a number of informal sessions, culminating in formal leadership level meetings on 25 November 2010 and on 8 February 2011. Concrete commitments made at that session include commitments by Business on training and skills to train particularly artisans beyond their own needs and will work with government to fully utilise the training facilities that they have available in the private sector. Labour agreed that these be treated as trainees and not employees. Parties welcomed the presentation by IDC on the work being done with regards to supporting the Green Economy and committed to further pursue measures on the green economy and take advantage of the resources made available.

EDD embarked on a series of meetings with the Nedlac constituencies to discuss ways to support implementation and coordination. Considerable progress had been made regarding expanded training, especially for artisans; and funding for developmental investments, including through the retirement funds.

The Department also worked with the IDC to identify ways to mobilise its resources in support of the NGP.

In the third quarter, EDD worked with the Economic Sector and Employment Cluster to identify priorities for implementation in 2011/12. NGP priorities were adopted by the Cabinet Lekgotla in January 2011. In addition, the Lekgotla agreed that all government departments and agencies should report to the President on their impact on employment on a regular basis.

Following the Cabinet Lekgotla, the Department has worked closely with the Department of Performance Monitoring and Evaluation (DPME) in the Presidency to develop systems to identify and quantify the employment impact of state activities. Initial research was commissioned from the Development Policy Research Unit at the University of Cape Town. A template for reporting was developed for departments and provinces. Work was started with the ILO, in collaboration with the National Treasury and Statistics South Africa, to develop a Social Accounting Matrix (SAM) model to assess the indirect effects of government programmes.

The Minister made inputs at the HRD Council and the Broad-Based BEE Advisory Council on the alignment of the skills strategy and the BEE policy framework respectively with the NGP. At the request of the Department of Higher Education and Training (DHET), the department also convened a task team to align the HRD Strategy with the NGP. The task team has commissioned research into systems and mechanisms to achieve this aim. The department has also met with MIGDETT on employment creation in the mining value chain. Inputs on economic trends and on the NGP were provided for the technical MinMEC and the

MinMEC.

Outcome 4

Outcome 4 – “Decent employment through inclusive growth” – is co-ordinated by the Ministers of Economic Development, National Treasury and Trade and Industry. EDD has made satisfactory progress in its commitments under Outcome 4. In particular –



- The NGP has been adopted;
- Reporting systems for the employment impact of the state have been initiated;
- The IDC has substantially increased its funding for developmental projects, with targeted funds for agro-processing and the Green Economy;
- Agreement has been reached in principle of reforms to procurement legislation to support local production; and;
- Steps have been taken toward development of a multi-pronged strategy on youth unemployment.

In addition, together with the Economic Sector and Employment Cluster, EDD developed priorities for implementation of the NGP that were approved by the January Cabinet lekgotla. These priorities have since been agreed as part of the implementation of Outcome 4 and included in the Plan of Action (POA) approved by the Presidency.

The Coordinating Departments have established a Director-Generals’ committee with a secretariat to ensure consistent implementation of their commitments under Outcome 4.

Advice on economic policy issues

Regular advice on economic policy issues has been provided to the Ministry, ESEC and Cabinet, and reports to the Minister on trade with China and on the trade data in general, trends in South Africa compared to Brazil, the distribution of earnings and employment trends since 2008.

The department convened a panel of experts that developed a report on the Walmart/Massmart merger. The panel proposed the introduction of conditions to ensure that the merger, and the retail sector in general, does more to support local production and employment.

Model for assessing the employment impact of socio economic policies

EDD has been exploring development of a SAM that would permit an assessment of socio-economic policies on employment. Collaboration with the ILO, which has developed such a model in other countries, and the National Treasury and Statistics South Africa, is underway. EDD has worked with DPME to develop information systems to capture the employment impact of government activities.

Broad-based Black Economic Empowerment

The Minister of Economic Development attended meetings of the Presidential Advisory Council on B-BBEE on 6 April, 20 May 2010 and 20 November 2010. EDD supported the Minister in preparing inputs for these meetings on the alignment of B-BBEE and the NGP and potential reforms to B-BBEE.

Mainstreaming the Second Economy and Cooperatives strategy

EDD has made progress in consultation and research on integrating second economy activities into mainstream economy. Initial research to understand the size and nature of second economy was conducted and engagements with key stakeholders such as National Treasury and the dti have been held. A review of informal trader conditions and the development of strategies to support them and initial research on the development of cooperatives strategies were conducted. A draft concept paper on the social economy was prepared for EDD annual policy conference. EDD has signed a memorandum of agreement with the University of Johannesburg to develop an academy for social economy which will serve as an institutional support structure for the growth and development of social economy.

Youth unemployment

A baseline of current government interventions was prepared. These interventions will be assessed in terms of their impact, cost per job created as well as sustainability of intervention. The baseline includes work on internships, learnerships, skills interventions, public employment schemes, market interventions, search programmes and basic education. Further work was done on developing proposals on youth employment schemes through the newly designed envelopes of the Jobs Fund and the Employment Creating Fund (ECF).

Economic Development Institute

Three senior policy staff were appointed in the Department in the period under review, to undertake work that will eventually fall within the ambit of the Institute.



Programme 3: Economic Planning and Coordination

Purpose: Promote economic planning and co-ordination through developing economic planning proposals; provide oversight and policy co-ordination of identified development finance institutions and economic regulatory bodies; and contribute to the development of the Green Economy.

Sub-programmes:

- *Spatial, Sector and Economic Planning* focuses on developing and co-ordinating economic plans for South Africa which help to realise government's broader goals. This would include spatial plans also embracing provincial and local government, sector plans and national government plans.
- *Investment for Economic Development* provides policy oversight and strategic direction to the IDC, Khula and samaf, as well as provincial agencies. It provides information, analysis and options regarding mechanisms through which government is able to channel and direct public and private investment into economic development.
- *Competitiveness and Trade for Decent Work* provides policy oversight and strategic direction to the Competition Commission, Competition Tribunal and ITAC. It provides information, analysis and options regarding the use of competition and trade measures to promote economic development goals. It also develops proposals for promoting economic goals through regional, continental and international economic engagement.
- *Economic Development, Financing and Procurement* undertakes research and analysis on government's development programmes and processes budgeting and procurement within the state in order to identify opportunities to improve local procurement and production and meet broader economic development goals.
- *Green Economy* coordinates work to identify and realise job and economic opportunities related to long-term environmental and climate change challenges.

Performance against predetermined objectives:

Programme: Economic Planning and Coordination				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Develop Spatial, Sector and National Economic Plans	Number of engagements with provincial and local governments per year	10	18	Increased demand by provinces and local government.
	Number of national economic planning processes participated in	5	4	Staff capacity constraints.
	Number of sector plans per year	5	5	
	Number of spatial plans per year	10	9	Staff capacity constraints.

Programme: Economic Planning and Coordination				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Promote Investment for Economic Development	Exercise oversight over IDC, Khula and samaf	1 report on oversight	A report was compiled on the oversight of DFIs and ERBs at the end of the 2010/11 financial year.	-
	Value of special financing facilitated for small businesses, targeted growth sectors and companies in distress per year	R2bn	R 3,097bn	Minimum target exceeded.
	Number of engagements with DFIs per year	3	13	Extensive engagements were held on NGP alignment.
	Consult on the use of retirement funds for development	1 Conference	Conference held	-
Promote Competitiveness and Trade for Decent Work	Exercise oversight over the Competition Commission, Competition Tribunal and ITAC	1 report on oversight	Report completed.	-
	Number of engagements with Economic Regulatory Bodies (ERBs) per year	3	10	Extensive engagements were held to consider NGP implications.
	Participate in government's international relations on economic matters	Support all interactions of the Minister	The Minister's role in SA's bilaterals with USA and China and multilateral engagement with the BRICS were supported by the Department.	-
Leverage off State Budgeting, Financial and Procurement Processes	Number of interventions to leverage off state expenditure and procurement per year	10	6	Time required to finalise procurement regulations.
Promote the Green Economy	Develop and implement a strategy for the Green Economy	1 strategy document 1 report on implementation	Research report completed and business plan for Green Economy Fund developed.	-

Engagements with provincial and local government

1. MinMEC 24 June 2010

A MinMEC was held on 24 June 2010. The Minister of Economic Development briefed the meeting on the NGP and the Minister of Trade and Industry briefed the meeting on the implementation of IPAP2.

2. MinMEC 14 October 2010

A MinMEC was held on 14 October 2010. The main focus for the meeting was "The New Growth Path: the provincial implications of the Green Economy".

3. **Technical MinMECs 6 August and 13 September 2010**
EDD held Technical MinMECs on 6 August 2010 and 13 September 2010 to prepare for the MinMEC of 14 October 2010.
4. **Minister and Deputy Minister visits to Free State MEC**
The Minister and Deputy Minister held bilaterals with the Free State MEC of Economic Development, Tourism and Environmental Affairs Mr Dukwana. The Minister discussed strategic provincial projects with the MEC, while the Deputy Minister discussed the promotion of SMMEs and cooperatives in the province.
5. **Minister engagement with Eastern Cape MEC on strategic infrastructure projects**
EDD supported the Eastern Cape Provincial Department of Economic Development in its attempts to unblock some of the obstacles they were facing with the implementation of their strategic economic projects. EDD assisted the Department to secure funding of R39 000 000 from the Employment Creation Fund (ECF) for the Phyto Biofuels Project. This assistance is against the background of a meeting that took place on 30 July 2010 between Minister Patel and MEC Jonas from the Eastern Cape Department of Economic Development and Environmental Affairs (DEDEA) where the provincial department briefed the Minister on the Eastern Cape Strategic Priority Projects.
6. **Minister engagement with Eastern Cape MEC regarding an Eastern Cape clothing firm**
On 10 September 2010 MEC Jonas from the Eastern Cape wrote to Minister Patel requesting assistance regarding the proposed retrenchments of 761 workers at an Eastern Cape clothing firm. The Minister assigned a senior official in the department to investigate the matter and identify possible solutions. He also met with the MEC Jonas to discuss the matter. The result of the discussion was that 206 jobs were saved.
7. **Deputy Minister engagement with KwaZulu-Natal (KZN) MEC**
As part of her work on SMMEs and cooperatives, Deputy Minister Mahlangu-Nkabinde received a presentation from MEC Mabuyakhulu on the Cooperative Movement and SMME development in KZN. KZN has made important strides in promoting SMMEs and cooperatives.
8. **Engagement with local government on small business (Western Cape)**
The Minister identified a need for access to funding small business initiatives, support to develop viable business plans and a need for spatial plans for the Matzikama municipality. EDD and Matzikama Municipality organised a business information session which brought together nine agencies (IDC, Khula, samaf, Small Enterprise and Development Agency (seda), Companies of Intellectual Property Company (CIPC), National Youth Development Agency (NYDA), The Enterprise Organisation, Red Door and Olifants River Black Economic Empowerment Forum (ORBEEF)) three banks (FNB, ABSA and Standard Bank) and the Provincial Local EDD under one roof to talk to Matzikama business and aspirant business people about the services they can offer to them. The information session took place on 21 May 2010 and was addressed by the Minister.
9. **Visit to Nkandla**
On Saturday 5 October 2010, Minister Patel travelled to Nkandla with President Jacob Zuma. Subsequently, EDD staff met with officials from the KZN Department of Agriculture and Environmental Affairs as well as Nkandla Presidential Development Initiative Project Manager to discuss potential economic interventions that could be implemented in the Nkandla-Mlalazi area. These are focused on finance cooperatives and a dairy project.
10. **President's Coordinating Council (PCC)**
On 26 November 2010 the PCC was held in Pretoria. The President chairs the PCC, which is attended by Ministers, Premiers and the political leadership of SALGA. Minister Patel presented the NGP to the forum.

11. **Engagement on strategy with Mpumalanga province**
Meetings were held with the top management of the Province in December 2010 at their Strategy Session and a follow-up session in Pretoria. Follow-up engagements have since been held with work on ensuring alignment between the Economic Growth and Development Strategy of Mpumalanga and the NGP.
12. **Engagement with Gauteng Provincial Government**
EDD worked with the Gauteng Provincial Government Department of Economic Development and the Gauteng Economic Development Agency to align the Gauteng Employment Growth and Development Strategy 2009-2014 with the NGP.
13. **Engagement with Tshwane Metro's NGP workshop**
EDD participated in the Tshwane Metro's NGP workshop on 14 March 2011 at which the Minister was the guest speaker. The aim of the workshop was to initiate a process through which the metro would review its plans and align these to the NGP.
14. **Presentations to the Ekurhuleni Metro's Economic Development Department**
EDD engaged Ekurhuleni Metro's Economic Development Department on the NGP. The metro forwarded its spatial development framework for analysis and alignment with NGP.
15. **Meeting with the Western Cape Department of Economic Development**
EDD met with senior officials from the Western Cape Department of Economic Development to discuss their Cape Catalyst projects and consider their alignment to the NGP. This engagement will continue during the new financial year.
16. **Meeting with KZN on the NGP**
EDD met with the EXCO and senior officials from KZN to discuss alignment to the NGP.
17. **Meeting with the Eastern Cape provincial government on the NGP**
EDD met with senior officials from the Eastern Cape to discuss alignment of their plans to the NGP.
18. **Meeting with the North West Province provincial government on the NGP**
EDD met with senior officials from the North West province to discuss alignment of their plans to the NGP.



National economic planning processes

1. National Industrial Development Zone (IDZ) policy

EDD engaged in an extensive review of the policy and regulatory framework governing the operation of IDZs as strategic spatial development initiatives. Consultations were undertaken with Provincial and Municipal authorities, IDZ operators, SOEs, DFIs as well as other internal and external stakeholders. In conjunction with the dti, a policy review roundtable on the draft IDZ was hosted in Boksburg on 26 January 2011.

2. Engagement with the Department of Energy (DoE) on energy

EDD engaged with the DoE on the regulatory framework for renewable energy regarding progress in unlocking Independent Power Producer (IPP), the Power Purchase Agreement (PPA), the Renewable Energy Feed in Tariff (REFIT), Independent Systems Market Operator (ISMO) issues.

3. Spatial planning

EDD engaged in the Inter-departmental task team on the draft Spatial Planning and Land Use Management Bill 2011 (SPLUMB). The task team held its first meeting on the 28 January 2011. The National Planning Commission (NPC) Secretariat and the DRDLR have been convening the task team with participation by EDD, DEA, Department of Cooperative Government (DCoG), National Treasury, DPME and DAFF. In May 2010 the NPC was tasked to look at planning laws with sector departments. In July 2010, the DRDLR submitted the draft Land Use Management Bill.

4. Engagements with SOEs

EDD engaged with the State Owned Enterprises (SOEs) around their projected job creation numbers as well as aligning their strategic plans to the NGP.

Sector plans

1. Green economy

As part of the work for the Growth Path, the department worked with the IDC and the Development Bank of Southern Africa (DBSA) to:

- assess the employment potential of different elements of the green economy in the short, medium and long-run and
- identify key policy interventions to achieve that potential.

This work will in particular inform the development of strategies for renewable energy as required for IRP2.

2. Agricultural value chain

As part of the work for the NGP, the department assessed the potential of the agricultural value chain, which includes agro processing, for employment creation and rural development. The core proposals arising from this work are included in the NGP documentation, including a discussion document.

3. Steel sector

EDD worked with the dti in developing a proposal for improving steel pricing following the change in mining rights for iron ore, which in turn affected the price of iron ore to a steel producer. The proposals identified specific measures the state could use to ensure that the mineral rents are used to develop downstream manufacturing capacity rather than to benefit only producers of iron ore and steel.

4. Sector assessment of the clothing and textile industry

Business and labour in the clothing and textile industry were assisted to identify measures to improve the future viability of the sector and reduce job losses.

5. Report on SKA for the Northern Cape Province

EDD completed a Socio-Economic Impact Assessment Research Report on the Square Kilometre Array (SKA) for the Northern Cape Province. The results were forwarded to the Department of Science and Technology (DST), responsible for the SKA and the dti regarding manufacturing and the procurement of renewable energy plant for the SKA.



Spatial plans

1. N2 Wild Coast Toll Road

During August 2010, EDD reviewed the economic reports that were commissioned by the South African National Roads Authority Ltd (SANRAL) for the road together with the environmental assessment report. Measures to mitigate and address the objections raised were put forward.

2. Bitou Municipality

In preparation for the Anti-poverty campaign visit to the Bitou Municipality in August 2010, EDD reviewed the municipality's Local Economic Development (LED) strategy, Spatial Development Framework and other economic interventions underway in the area. Based on this a set of proposals were recommended for addressing unemployment and poverty in the area.

3. Coega IDZ

EDD was requested by Eastern Cape Department of Economic Development to assist with their strategic economic development projects. Included in this list of projects are the two IDZs. To this end EDD has engaged with the dti on how to address the challenges facing IDZs. The IDC is also working on a package for the Coega IDZ.

4. Atlantis

The review of Atlantis spatial economic development plans drew upon the Local Economic Development Strategy document developed in 2008, work commissioned by the City of Cape Town as well as a review of the spatial economic development opportunities and the effects of the economic crisis of 2008/09 on the Atlantis economic development by social partners in Atlantis, the Atlantis Economic Development Task Team. More recently the IDC has been tasked to assist with a comprehensive spatial plan for Atlantis with clear funded interventions.

5. Ntunda

On 30 October 2010 Deputy President Kgalema Motlanthe paid an anti-poverty visit to Ntunda Village in Nkomazi Municipality, Mpumalanga Province. In preparation for this, EDD reviewed the economic drivers in the village and proposed a set of interventions including providing assistance with the review of the Local Economic Development Strategy of the municipality.

6. Economic Spatial Perspective

EDD hosted a second consultative forum as part of the process towards an Economic Spatial Perspective which was attended by the NPC, the dti, Council for Scientific and Industrial Research (CSIR) and the University of Pretoria on the 23 February 2011. A concept paper on the process towards Economic Spatial Perspective was circulated to sector departments.

7. The Greater Taung Municipality

The spatial development framework and local economic development strategy for the Greater Taung Municipality in the North West Province was reviewed and key support interventions were recommended for implementation and continued support by the DFIs in the area. The DFIs have a few economic interventions underway in the area, which include support for the Taung irrigation scheme, agency development support for the local municipality by the IDC and financial services co-operatives supported by samaf.

8. The Matzikama Municipality

During this quarter EDD engaged extensively with the Matzikama Municipality in the Western Cape and reviewed their economic development programmes and spatial development framework. Towns in Matzikama include Doringbaai, Klaver, Lutzville and Vanrhynsdorp. Economic interventions are underway in the areas of Klaver and Doringbaai through the support by EDD agencies such as the IDC.

9. Peace Island

A report was drafted which provides an assessment of the governance issues and regulatory process and process that a private investor would need to follow in the creation and development of Peace Island (PI), a proposed artificial offshore island located in Table Bay between Dolphin Beach and Robben Island.

Engagements with DFIs and ERBs

1. The DG and Minister engaged the agencies on their strategic plans

EDD tabled its Strategic Plan on 3 March 2010. The Minister requested that the tabling of the entities' strategic plans be postponed to allow time for an engagement with the entities on their strategic plans. The plans were tabled in Parliament on 6 and 11 August 2010.

2. Meeting with all agencies on 4 June

The Minister held a meeting with all entities on 4 June 2010. He set out expectations for agencies in relation to key areas including –

- Review of priorities against NGP and IPAP priorities
- Review of Strategic Plans and MTEF proposals
- Addressing red tape, costs and turnaround times
- Policy issues including the green economy, youth employment and cooperatives strategy
- Spatial development issues

The Minister also set out key oversight criteria to be reflected in a dashboard of indicators for agencies.

3. Council of Trade and Industry Institutions (COTII)

The Minister addressed the COTII on 30 June 2010. The COTII embraces all the agencies of the dti and EDD at executive as well as administrative level.

4. Minister's engagements with the IDC

A number of meetings were held at Ministerial level with the IDC at Management and Board level. These meetings considered the level of industrial funding by the IDC, cost of funding and development criteria including employment.

- 5. Minister's and Department's engagements on Khula Direct (KD)**

In order to improve small business funding, Khula developed a proposal to participate directly in the retail financing arena. The DG and Minister engaged with Khula on the business plan for the project, named "Khula Direct" (KD). The KD model aims to focus on loans between R50 000 and R500 000. The DG engaged the National Treasury on the matter.
- 6. Minister's engagements with the Competition Commission**

The Minister engaged with the Chief Commissioner and Deputy Chief Commissioner of the Competition Commission on matters of competition policy and legislation.
- 7. Pioneer Foods settlement**

On 2 November 2010 Minister Patel announced in the National Assembly that R1bn settlement had been reached between the Competition Commission and Pioneer Foods. This included R695 000 000 in penalties, a commitment to reductions in the net selling prices of selected products totalling R160 000 000 and a commitment to increase capital expenditure by R150 000 000.
- 8. Engagements with SOEs on the NGP**

Two ministerial engagements were held with SOEs and the Minister of Public Enterprises. Inputs were received from major SOEs on training, youth internships, artisan development, employment and investment in 2011 and the medium term. Engagements were also held with SOEs to leverage more employment, and local industrial development through SOE procurement.
- 9. Departmental engagements with the IDC**

EDD engaged with the IDC regarding the fund for companies in distress, the IDC/Unemployment Insurance Fund (UIF) jobs fund and the development of spatial development plans. Through engagements with the IDC, EDD and the IDC were able to finalise specialised, ring-fenced funds for agro-processing as well as the Green Economy.
- 10. Khula Direct (KD)**

Minister Patel presented a proposal on KD to the Ministers' Committee on the Budget on 6 December 2010. KD envisages direct engagement by Khula with its clients; currently it operates only through intermediaries. Cabinet subsequently approved a pilot for KD with funding of R55 000 000 for 2011/12.
- 11. IDC Workshop**

EDD engaged in an IDC arranged workshop with provincial and regional agencies to look at their role in terms of implementation of the NGP and some of the challenges and constraints that they face. The workshop took place on the 16-17 March 2011.
- 12. Quarterly dashboard reporting of public entities**

EDD has developed dashboards of performance indicators for the Development Finance Institutions (DFIs) and one for the Economic Regulatory Bodies (ERBs). The entities reported for the first time on the 3rd quarter. On 25 February 2011, EDD convened a meeting of EDD and its entities. Each entity presented their dashboard for the 3rd quarter and these were discussed.
- 13. Ministerial engagement with DFIs to discuss merger**

The Minister met with the CEOs / Acting CEOs of the institutions affected by the merger of Khula, samaf and the IDC small business finance activities. The meetings considered the options available for the merger and some of the high level actions required to implement the project.
- 14. Evaluation of entities strategic plans**

Entities were requested to submit their strategic plans by 28 January 2011. The Minister and Department engaged with the strategic plans in an intensive process and the plans were tabled on 9 March 2011, the deadline in terms of the Money Bills Amendment and Related Matters Act, 2009.

15. **Kansai**

The Minister engaged on three occasions with Kansai Paint Company regarding their proposed merger with Freeworld. The meetings dealt with commitments that the company would make including on jobs, new investment, local manufacture and research and development.

16. **Walmart**

The Department joined in the Walmart/Massmart merger proceedings together with the Departments of Trade and Industry and Agriculture, Forestry and Fisheries in order to ensure that public interest matters were fully taken into account by the Commission Tribunal, particularly relating to employment and local industry. The case continued into the next financial year.

17. **Agro-processing Competitiveness Fund**

Ministerial engagements with the Competition Commission and the IDC resulted in an allocation through the budget of R250 000 000 for a new Agro-processing Competitiveness Fund. The Fund will be administered by the IDC.

Consultations on the use of retirement funds for development

EDD hosted a conference titled “Investing in the New Growth Path: Mobilising Savings/or Retirement Funds for Development” on 18 February 2011. The conference served as a platform for industry stakeholders to engage with the establishment of a viable financial instrument, such as a developmental bond.

EDD continues to raise greater awareness on mobilising savings for development and seeks to advance public discourse on the matter. Other stakeholder engagements took place between EDD and, amongst others, Government Employees Pension Fund (GEPF), Association for Savings and Investment SA (ASISA) and some private sector players in the discussions towards establishing an appropriate investment instrument to be utilised for development initiatives. EDD has also engaged with the International Finance Corporation on the Green Economy investment opportunities in relation to the GEPF and the investment for development agenda.

Research into this area is ongoing. EDD continues to collaborate with the dti on research on industrial financing.

International relations

The Minister participated in the State Visit to China from 21-27 August 2010, and the finalization of the Beijing Declaration. EDD made content contributions related to the economic issues in the Declaration. The Minister met with the China Africa Development Fund and China Development Bank regarding the provisions of concessionary financing for the IDC.

On 16-17 November 2010 the SA-PRC Bi-National Commission was held in Cape Town. The meeting was co-hosted by Deputy President Motlanthe. EDD participated in discussions in the Economy and Trade Committee and the Minister participated in the Bi-National Commission and presented the NGP. EDD hosted a dinner for the Chinese delegation on 17 November.

EDD, by invitation from the Department of International Relations and Cooperation (DIRCO), contributed inputs to a number of interactions between South Africa and other governments. A fact-sheet was compiled towards the South Africa – United States of America (USA) Annual Bilateral Forum.

Minister Patel accompanied the Deputy President on a working visit to the United States for the period 27 – 31 March 2011, visiting the cities of New York and Washington. In New York, the Minister participated in a business roundtable at the New York Stock Exchange and in Washington with the United States Chamber

of Commerce. Minister Patel also met with US Vice President Joe Biden as well as Mr. Gene Sperling, Chairman of the Council of Economic Advisors for the President's Economic Advisory Board, and Mr. Austan Goolsbee, economist at the White House.

The Minister addressed international conferences on trade policy and investment.

Value of special financing facilitated for small businesses, targeted growth sectors and companies in distress per year:

Target: R2bn
Achieved: R3,1 bn

IDC distress funding: Value: R2,1 bn
Jobs saved: 12 182
No. of Companies: 43

UIF FUND (excluding funds used for distress funding) : Value: R1bn
Jobs Saved: 11 847
No. of companies: 48

Leveraging off state expenditure and procurement

1. Procurement regulations

Officials in EDD, Treasury and dti worked to give effect to procurement commitments in the Framework, IPAP2 and government policy as articulated in the President's State of the Nation Address of 3 June 2009. The initial priority was to finalise the Procurement Regulations. The Task Team worked together to develop a proposal, draft regulations and submit a Cabinet Memorandum. The proposals were tabled at Nedlac's Trade and Industry Chamber. Cabinet subsequently approved the draft regulations on the 2 March 2011.

2. Engagements with pharmaceutical sector

The Minister had previously convened a round table with the pharmaceutical sector and follow up was required. Subsequently, EDD officials held various meetings with pharmaceutical companies with a view to exploring a pharmaceutical sector agreement which would tackle key issues in the sector, as well as a company investment agreement with one major company (Meetings took place on 26 May 2010, 7 July 2010, 2 August 2010, and 8 September 2010).

3. Local stationery procurement project

The Office of the Chief Financial Officer was requested to ensure that stationery procured for office use be produced locally. Locally produced stationery products were identified. EDD and the dti are currently in the process of ensuring that these two departments procure locally produced products at competitive prices for office use.

4. Local procurement of textiles

An initial discussion was held with Congress of South African Trade Unions (COSATU) and the Eastern Cape Government on increasing local procurement of textiles in the Eastern Cape. Through EDD's involvement, and based on designated procurement, steps were taken to ensure job retention at a textiles company which saw the company adopt a new business model which improved profitability and saved 206 jobs.

5. The implications of the NGP on intergovernmental fiscal relations

EDD engaged with National Treasury on the implications of the NGP on intergovernmental fiscal

relations. The aim was to consider how the grant system in the division of revenue process could be used to link intergovernmental financing to job creation programmes in provinces and local government.

6. Engagement with South African Bureau of Standards (SABS)

EDD also engaged with the SABS Standard Division. The aim of the engagement is to produce the technical standard (SATS) on the locally produced goods and services and define the local content as part of the procurement criteria.

The Green Economy

EDD was involved in a number of inter-departmental Green Economy processes including climate change mitigation, Conference of the Parties 17 (COP 17) and the Uppington Solar Park initiative. EDD also worked closely with the dti on attracting investors in renewable energy and energy efficiency industry to South Africa through regulatory and incentive information. At the same time, EDD collaborated with the IDC on various initiatives ranging from developing a proposal and business plan for a Green Fund to engaging with potential investors on concessionary finance.

The department undertook and completed a comprehensive research report on the efficiencies and opportunities presented by different solar energy generation technologies.

In conjunction with the IDC, EDD began the coordination of provincial Green economy projects by compiling a database of projects per province including their employment creation prospects. This work will continue in 2011/12. The Economic MinMEC on 14 October 2010 also addressed the coordination of Provinces and Metros on the Green Economy and its contribution to decent work and employment creation.

EDD also held engagements with Metropolitan Municipalities on Green Economy policy at local level as well the regulatory issues in implementing energy efficiency measure through the installation of solar water heaters. Valuable insights into the areas where local government may be able to drive and implement Green Economy initiatives were gathered, for example, on the role and nature of Materials Recovery Facilities at municipal landfill sites.

EDD also engaged with developers of renewable energy, energy efficiency and waste management investment opportunities. Many of these engagements dealt with understanding and resolving regulatory and funding issues.



Programme 4: Economic Development and Dialogue

Purpose: Promote social dialogue; implement strategic frameworks; build capacity among social partners; and promote productivity, entrepreneurship and innovation in the workplace

Sub-programmes:

- *National Social Dialogue and Strategic Frameworks* contributes to social dialogue on economic development issues and policy development; and co-ordinates, monitors and ensures the development and implementation of action plans and framework agreements on the global economic crisis as well as those that are envisaged such as the national economic development and decent work pacts.
- *Sector and Workplace Social Dialogue* promotes workplace and sector agreements and social pacts that address challenges of growth and development, as well as productivity and innovation.
- *Capacity Building for Economic Development* promotes and builds the research output and knowledge of social partners of the economic development of sectors, and issues relating to equity and productivity through appropriate empowering mechanisms. It will also harness economic development expertise through an Advisory Panel, knowledge networks and learning events.
- *Productivity, Entrepreneurship, and Innovation* develops a policy framework for increasing productivity and enhancing entrepreneurship and innovation. The results will inform the work of the other three sub-programmes within Programme 4.

Performance against predetermined objectives:

Programme: Economic Development and Dialogue				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
National Social Dialogue and Strategic Frameworks	Number of social dialogue and capacity building engagements per year	10	20	Minimum target exceeded.
	Number of economic development agreements (sectoral, workplace and national) per year	10	6	Staff capacity constraints.
Sectoral and Workplace Dialogue	Measure included in the areas covered above	-	-	-
Capacity Building for Economic Development	Build the capacity of social partners	12 workshops	13 workshops held.	Minimum target exceeded.
	Convene Economic Advisory Panel	2 meetings	3 meetings held	Minimum target exceeded.
	Establish knowledge networks	Establish 1 network	1 network established	-
Productivity, Entrepreneurship and Innovation	Measure included in the areas covered above	-	-	Staff capacity constraints

Social dialogue and capacity building engagements

1. Company-level dialogue

Engagements with a company and the representative trade union resulted in a workplace social dialogue agreement facilitated by EDD. In the agreement the parties acknowledge that constructive social dialogue brings benefits to both employers and employees.

2. Leadership Task Team

The Leadership Task Team, comprising leadership from government, labour, business and community, is entrusted with coordinating and overseeing implementation of the “Framework for South Africa’s Response to the International Economic Crisis”. It met on 2 July 2010 and reviewed work being undertaken in the 18 key areas in the Framework.

3. Clothing sector

EDD helped facilitate an ILO workshop with business and labour on 27 May 2010. Key discussions focused on a Productivity Institute for the clothing and textile sector and promoting procurement from the sector.

4. Solar Water Heaters

As part of implementing what had been agreed in the Leadership Task Team on 2 July 2010, EDD convened and chaired a workshop with stakeholders on Solar Water Heaters on the 2nd of August 2010 with the assistance of the DoE.

5. Procurement (Nedlac)

Government tabled draft procurement regulations at Nedlac and engagements took place on 13 May and 22 June 2010 in the Trade and Industry Chamber (TIC).

6. Electricity sector (Nedlac)

Labour tabled a section 77 Notice at Nedlac regarding electricity prices which, if unresolved, would permit them to embark on national industrial action. EDD was one of six government departments cited in the action, besides three organisations from business, National Energy Regulator of South Africa (NERSA) and Eskom. EDD has participated in developing government’s response and has participated in the government delegation at Nedlac.

7. Eastern Cape Clothing Firm

On 10 September 2010 MEC Jonas from the Eastern Cape wrote to Minister Patel requesting assistance regarding the proposed retrenchments of 761 workers at an Eastern Cape Clothing Firm. EDD met with management, the representative trade union, the Eastern Cape province, the municipality and ESSEC and with the IDC. A model was agreed upon that resulted in the retention of 206 jobs.

8. Atlantis

EDD intervened to assist the Atlantis Economic Development Task Team, a local task team which consists of members of labour, community, business, the Western Cape Department of Economic Development, Wesgro, the City of Cape Town and now national government. The task team reviewed the spatial economic development opportunities and the effects of the economic crisis of 2008/09 on the Atlantis economic development.

9. Engagement with the Human Sciences Research Council (HSRC) on the social impact of the downturn

EDD officials discussed government’s response to the economic crisis with academics, government researchers and foreign donors and engaged on research on the social impact of the recession and its implications for government policy.

10. **Dialogue with the Metals and Engineering Industry**
In October 2010, EDD engaged the metals and engineering industry to target and approach companies in financial difficulty to minimise job losses associated with the economic downturn.
11. **Dialogue with a company regarding the Training Layoff Scheme**
Engagements were held with a company to explore assistance with the Training Layoff Scheme for a company that was considering retrenchments.
12. **Dialogue with the construction sector**
Discussions have taken place between EDD and the construction Sector Education and Training Authority (SETA) regarding the creation of a platform for greater involvement of the construction sector in the Training Lay-off Scheme and the possible creation of a national information sharing forum between the sector and government. Progress to date includes a research project undertaken by EDD and Construction Education Training Policy (CETA) to determine the current involvement in the scheme and identifying possible obstacles.
13. **Engagement with the Furniture Industry**
An engagement was undertaken with stakeholders in the Furniture Industry to investigate measures to support growth in the second most labour intensive sector in manufacturing.
14. **Meetings with manufacturers and the dti on Green Economy**
EDD held engagements with business stakeholders and the dti on Green Economy incentives and regulatory challenges.
15. **Meeting with the Eastern Cape Socio-Economic Consultative Council**
EDD met with the Eastern Cape Socio-Economic Consultative Council (ECSECC) to engage and coordinate on how to assist companies which are might be facing closures and challenges in the non-auto manufacturing sectors in the Eastern Cape region.
16. **Meeting with the Solar Photo Voltaic (SPV) Industry Association**
A meeting with the Solar Photo Voltaic (SPV) Industry Association was held to discuss the IRP2 and the developmental potential of SPV in South Africa.
17. **High level engagement with social partners on the NGP 25 November 2010**
A high level engagement was held with social partners on 25 November 2010 on the NGP. This culminated in a joint press statement with leaders of business, government, labour and community which committed to a broad support for the target of 5 million new jobs by 2020 and commitments to contributing to the target.
18. **High level engagement with social partners on the NGP 8 February 2011**
Concrete commitments made at the 8 February 2011 meeting included commitment by Business to train (particularly artisans) beyond their own needs and to work with government to fully utilise the training facilities that they have available in the private sector. Labour agreed that these be treated as trainees and not employees.
19. **Clothing Accord**
On 19 November 2010 a meeting was held with social partners aimed at exploring a possible Clothing Accord.
20. **Metals and Engineering Industry Bargaining Council (MEIBC) engagement**
Continued engagements with the MEIBC on the plastics industry and data collection were held.



Economic development agreements (National, sectoral and workplace)

1. **Clothing agreement**

Engagements with a clothing company and the representative union resulted in a workplace social dialogue agreement facilitated by EDD. In the agreement the parties acknowledge that constructive social dialogue brings benefits to both employers and employees. The parties have been working together and met with the IDC and the dti to gather information on funding.

2. **Procurement agreement**

EDD, the dti and National Treasury produced draft regulations on preferential procurement. A draft agreement was discussed at Nedlac. The regulations provide for the designation of certain sectors for local procurement.

3. **Training layoff procedures agreement**

The Leadership Task Team reviewed the Training Layoff Scheme and agreed to amend the procedures in order to facilitate access to the scheme and remove blockages to more effective implementation.

4. **Agreement on a pilot project to build decent work in the construction industry**

The ILO Green Jobs Workshop identified high growth potential sectors including energy efficiency, renewable energy, mobility, recycling, sustainable agriculture and forestry, environmental services and renewable materials. Flowing out of the workshop agreement was reached on the establishment of a pilot project to build decent work in the construction industry.

5. **National Agreement on the Training Layoff Scheme**

A draft agreement on the sharing of information between the main parties on the key elements on the Training Layoff Scheme (TLS) and the fund for companies in distress was compiled. The EDD, Department of Labour (DoL) and DHET Ministers met on the 11 February 2011 regarding this TLS draft agreement. It was agreed that the administration of the TLS would be transferred to the DHET. EDD would play a coordinating role in the policy discussions.

6. **Agreement to improve coordination on the Framework agreement**

A draft agreement between EDD, Commission for Conciliation, Mediation and Arbitration (CCMA) and IDC in support of coordination around Framework Agreement is under consideration by the parties and their legal teams.

Building the capacity of social partners

The department worked in partnership with the IDC and CCMA to hold 11 capacity building workshops from May to September 2010. The department worked with regional government agencies, such as Trade and Investment KZN, and industry associations, such as the National Association of Automotive Component and Allied Manufacturers (NAACAM) to build the capacity of businesses to respond to the economic crisis through the workshops.

In the last quarter of 2010, the department supported the National Labour and Economic Development Institute in running two workshops to develop the capacity of organised labour to respond to the global economic crisis. The first workshop took place in Johannesburg and the second in Cape Town. Both were funded by the International Labour Organisation. Department officials also attended the workshop and presented on the Framework Agreement for South Africa's Response to the International Crisis.

Economic Advisory Panel

The Economic Advisory Panel (EAP) held its inaugural meeting on 25 May 2010 and subsequent full panel meetings on 14 July 2010 and 16 January 2011. In the first meeting, panelists discussed the NGP and comparative experiences of economic development that might inform decision-making on economic policy in South Africa. President Jacob Zuma addressed the Panel's second meeting, where he framed key issues for panelists to consider and guided their work on the NGP. The third meeting of the EAP focused on the importance of the African continent for South African economic growth and what was needed in terms of regional economic integration, infrastructure development and financing to support this relationship. The Panel was a constant resource to the Minister throughout the year. The Minister held several bilaterals with Panel members.

Knowledge networks

The HSRC has entered into cooperation with EDD on the shared use of some of its information resources. The HSRC agreed to grant five EDD officials access to its virtual library and to make an information consultant available for consultation by those officials. EDD and the HSRC will look to elaborate further areas of cooperation in the next financial year.

Annual Conference

The Department will hold its first annual development conference on 30 and 31 May 2011. Conference preparation began in the 2010/11 financial year but scheduling complications required the Department to postpone the event to May 2011.

ENTITIES REPORT



Competition Commission



During the 2010/11 financial year, the Commission achieved most of its targets in the implementation of its strategic plan. However, the Commission was forced to redevelop its strategic plans relating to case management, specifically with respect to the prioritisation and the streamlining of its case workload, and was unable to achieve certain targets in its business plans relating to enforcement activities, due to budgetary and space constraints.

The Commission premised its strategic and business plans for 2010/11 on the additional funding of R63,7 million in the form of a grant allocation from government. However, the Commission was only granted an additional R29 million. This has resulted in the Commission being unable to achieve certain planned outputs in its strategic and business plans. The Commission has delayed recruitment of 42 additional employees as planned for the financial year. A severe shortage of space within the Commission's current premises on the dti campus has also resulted in the delays in recruitment.

The Construction Settlement Project:

On 1 February 2011 the Commission launched the Construction Settlement Process (CSP Project). The objective was to invite firms in the construction industry to apply for settlement and also to inform them about the closing date of this invitation. From the launch date to the closing date (15 April 2011) the Commission received 79 marker applications and 10 settlement applications. The Commission is currently processing the applications for detailed investigations and also reviewing the Project Plan.

Mergers:

The number of mergers notified to the Commission during this review period has increased by approximately 20% to 229 mergers, compared with 190 notifications received during the previous financial year and resulted in a fee income of R 35,950,000. During this period the Commission finalised 219 mergers.

During the course of this year the Commission recommended the unconditional approval of the proposed merger by Wal-Mart of Massmart. The Tribunal had set the matter down for adjudication in May 2011. Various trade unions and government departments were expected to attend and present their arguments to the Tribunal.

Enforcement:

During the period under review, the Commission initiated 22 investigations. Most of the 22 investigations initiated in the reporting period were in the priority sectors identified in the Commission's strategic plan; 9 cases were in the Priority sector of Food and Agro-Processing, whilst another 4 cases were in Intermediate and Industrial Products and 1 case in Construction.

Throughout the year the division completed 19 investigations in which it found cartel related activity, and the Commission recommended that these be referred to the Competition Tribunal for adjudication. These investigations uncovered cartel activity in the priority sectors of Agro processing (5 cases); Construction and Infrastructure (3 cases) as well as Intermediate and Industrial Products (6 cases).

The Commission's investigation of cartel activity continues to be driven in large part by the Corporate Leniency Policy (CLP). Each investigation is distinct involving either a different arrangement (such as a rigged tender for a particular project) or takes place in a different product or service market. There are particular sectors like construction and food where cartel related activity appears to be rife.

In the year under review the Commission received a total of 33 leniency applications. Of these, 20 applications

were granted conditional immunity, 1 application was rejected and 12 are still under consideration. The rejected application was related to Pioneer and Outeniqua Bakery. In the year under review a total of 13 exemption applications were under consideration: 5 new applications were received in the financial year and 8 applications were carried over from the previous years. Of the 13 exemption applications, 3 were finalised. Other significant enforcement activities included 2 raids.

Litigation:

The Commission has had an eventful year, with mixed outcomes with regard to litigation. The Commission was presented with many procedural challenges.

Most significant of these procedural challenges have been those brought by Woodlands Dairy (Pty) Ltd and Milkwood Dairy (Pty) Ltd in what is known as the dairy cartel; and Omnia Fertiliser Ltd and Yara South Africa (Pty) Ltd in the fertiliser cartel. The challenges brought by these firms and the decisions taken in that regard by the Supreme Court of Appeal and the Competition Appeal Court respectively, have impacted on the Commission's ability to initiate complaints and to investigate complaints submitted to it by third parties. These decisions have also created the opportunity for firms to challenge the Commission's initiations and investigations in pending matters.

Notwithstanding all of the above challenges, the Commission referred eleven complaints to the Competition Tribunal, two of which pertain to complex abuse of dominance allegations and the remainder to cartels. During the year under review, two prosecutions were ruled in favour of the Commission: Commission vs Southern Pipeline Contractors and Conrite Walls ; and Commission vs Netstar, Matrix Vehicle Tracking and Tracker Network.

Settlements:

The Commission achieved significant gains by concluding an unprecedented number of 22 settlement agreements in the period under review, resulting in administrative penalties being levied to the amount of R 794,190,704.17.

Advocacy and Stakeholder Relations:

Advocacy was used by the Commission during the period under review, to ensure voluntary compliance with the Competition Act. During the reporting period the Commission intervened in eleven cases through its advocacy work. Amongst others, the cases referred for advocacy involved the following:

- Supermarkets: the objective was to ensure that the supermarket chains modify exclusionary terms in their rental leases with property developers; and
- Bid rigging and procurement: the Commission engaged institutions of higher learning to modify their procurement policies with regard to academic attire and other goods.

The Commission engaged with Parliament, sector regulators and government departments to manage overlapping mandates and to synchronise sector regulations with Competition principles. The Commission has also made inputs in the development of the NGP championed by the EDD.

International Relations:

The Commission increased its international participation during the period under review through bilateral cooperation with agencies from other jurisdictions or through its participation in international competition forums such as the International Competition Network (ICN), the Organisation of Economic Cooperation and Development (OECD), United Nations Conference on Trade and Development's Intergovernmental Experts on Competition and the newly established African Competition Forum (ACF). Also, during this year

the Commission was recognised as Agency of the Year, in the category: Africa, Asia and the Middle East in the Global Competition Review (GCR) awards in January 2011.

Competition Tribunal

This has been a year of triumphs and setbacks for the competition authorities with regard to the core business of enforcing the Competition Act.



On the triumphs side the Commission has entered into some highly innovative settlements of prohibited practice cases which were confirmed as consent orders. In the Sasol consent order the Commission made creative use of both structural and behavioural remedies to make the market for chemical inputs into the fertiliser markets more competitive. In Pioneer the Commission entered into an agreement that provided for pricing relief to consumers and investment support for new entry.

On the setback side, various high court decisions have led to a very strict interpretation of the powers of the Commission to refer complaints to the Tribunal. As a result a number of important cases have been dismissed and will not be tried on their merits before the Tribunal. This is a matter of regret as consumers will never know whether the cases were well founded and the firms accused will not have had an opportunity to answer the allegations made against them.

Type of Case	2010/2011	%	2009/2010	%
Large Merger	55	47.42	52	61.18
Intermediate mergers	1	0.86	0	0
Procedural matter	30	25.86	23	27.05
Prohibited practice	30	25.86	10	11.76
	116	100	85	100

A healthy trend during this financial year has been the increase in prohibited practice cases that are being brought to the Competition Tribunal and the number which are settled as a result of consent agreements being entered into between the Commission and the particular respondent. In a large part this is a measure of the success of the Commission's leniency policy for cartel cases and its increased focus on this area.

This increase in prohibited practice cases is best illustrated by the Competition Tribunal hearings statistics. In the previous financial year the Tribunal heard 10 prohibited practice cases, this year the Tribunal heard 30. Fines imposed increased from R 292 000 000 in 2009/10 to R 788 000 000 in 2010/11. Of the number of prohibited practice matters heard consent orders accounted for the bulk comprising 73.33% of the cases heard.

In SPI the Tribunal made their most important decision to date on the calculation of fines. In this decision the purely arithmetic approach to fining was rejected and a more discretionary approach was adopted. The fine imposed on one firm in this case represented the highest percentage fine that has been imposed so far, although it is not by any means the largest fine imposed. The Tribunal may fine a firm up to 10 % of its annual turnover. The Tribunal will however where appropriate acquit firms where the Commission has not made out a sufficient case. Thus one firm alleged to be part of the same cartel in a particular region was acquitted. The Commission has since appealed this decision.

Other cases involving cartel allegations have continued into the current financial year so it would be premature to report on them in this year.

The overall number of hearing days increased by a significant 42% from the previous year.

The Tribunal has also been working in other areas. This includes the development of a case management system which will simultaneously manage case documents and provide a wide range of information required for case management and performance information reporting.

The Tribunal has improved its intern system to find vacation jobs not only for law students, but also others, by expanding the system to include the finance and registry department. Internships not only expose young students to the work environment but also enable them to make contacts and network.

Another new initiative was to promote pro bono representation in competition cases. Many small businesses are unable to afford the kind of representation necessary to represent them in competition cases. The Tribunal is working with Pro-Bono a non-governmental organisation that provides a network of lawyers to members of the public who are unable to afford legal services. The Tribunal is attempting to extend this model to competition law. A launch of this initiative was hosted by Werksmans attorneys in October 2010 and was well attended by many lawyers from the competition bar and the economic consultancy profession. The Tribunal will continue to see how the programme can be implemented in the course of this year and is grateful for the positive support of Pro-Bono and the Competition Committee of the Law Society for the Northern Provinces.

The participation of the Tribunal in international bodies continues. The Tribunal remains involved in the activities of the International Competition Network as well as the OECD's competition forum.

One of the Tribunal's major concerns for which reforms would need to be introduced is to expedite the hearings of cases. In an address given to the Law Society at the end of last year the Chairperson of the Tribunal spoke on the theme "Slow justice is no justice" and indicated how all parties to the system could contribute to improving the performance of the system. Whilst these ideas were viewed as provocative by some, on the whole the concept was sympathetically received. The Tribunal has already put some ideas for expediting hearings into practice in merger hearings and looks forward to doing so in other types of cases.

In the Tribunal's interaction with EDD, which has proved very positive, performance targets have been developed and are being reported on. Whilst it has proved difficult to do given the fact that the Tribunal is a purely adjudicative body appropriate targets have been found to report on that neither compromise the independence of the Tribunal nor prove meaningless.

The Tribunal would not be able to perform its function if it were not well supported by the secretariat of full time staff. The Tribunal is proud of the continuity in with regard to staffing which helps keep an institutional memory and ensures an efficient service. The Tribunal's case manager department is one exception as due to the nature of this job employee's leave after gaining a few years' experience. Despite having had a few vacancies in this department at the beginning of the year these vacancies have since been filled with an enthusiastic new group.

ITAC

The International Trade Administration Commission of South Africa (ITAC) comprises three core business units, namely Tariff Investigations, Trade Remedy Investigations, and Import and Export Control.



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

In terms of this criterion, ITAC investigated and considered eight applications for tariff increases of which six were favourably considered. Salient among the recommendations for tariff increases were an increase

in the domestic reference price for wheat, and increases in the import duties on lysine and similar animal feed supplements, towers and lattice masts for telegraph lines and electric power lines for firms utilising the opportunities generated by the electricity and telecommunications infrastructure programmes, and certain semi-fabricated aluminium products. Tariff support for these industries would improve the price competitive position of domestically manufactured products compared to imported products.

ITAC considered nine applications for rebate of the import duty on inputs used for manufacturing purposes, of which six were supported. Some of the beneficiaries of duty relief on imported intermediate inputs were the consumer electronic manufacturing industry, and the chemical and paper manufacturing industries. Tariff relief will have the effect of reducing the cost of production for the beneficiary industries.

Among fourteen applications for a reduction in duty considered by ITAC, only five were supported upon receipt of demonstrable evidence that the products, such as glass ampoules for pharmaceutical applications and chemical compounds used in tyre manufacturing, were not manufactured domestically and unlikely to be manufactured domestically. Tariffs on products which are not manufactured domestically and applicable where there is no potential to manufacture domestically have an unnecessary cost-raising effect.

ITAC has now started to make tariff support conditional to reciprocal commitments by applicants related to aspects of investment and employment creation.

ITAC is responsible for conducting trade remedy investigations in accordance with policy and domestic law and regulations and consistent with World Trade Organisation (WTO) rules. Applications to ITAC, in the main, are for anti-dumping protection. Anti-dumping protection is a critical trade instrument to protect jobs and industries against unfair competition from abroad.

ITAC conducted two new anti-dumping investigations, as well as six sunset reviews of existing anti-dumping duties. A sunset review is undertaken when a domestic industry submits demonstrable evidence that the expiry of the anti-dumping duties after the normal five years of existence, would likely lead to the continuation or recurrence of dumping and causal injury.

An anti-dumping investigation on staple polyester fibre originating in or imported from the People's Republic of China was initiated. Upon completion of the investigation, ITAC recommended that an anti-dumping duty be imposed on multiple Chinese manufacturers and exporters of staple polyester fibre.

An investigation was also initiated against Indian manufacturers and exporters of hand tools, specifically picks. In this case, ITAC found that the South African Customs Union (SACU) domestic industry was not experiencing any material injury or a threat of material injury as a result of the imports at prices lower than those prevalent in India. The investigation was terminated without the imposition of anti-dumping measures.

In sunset reviews, ITAC recommended that:

- the anti-dumping duties on acrylic blankets originating or imported from Turkey and the People's Republic of China be maintained;
- that the anti-dumping duties on certain steel bolts and nuts originating or imported from the People's Republic of China be increased;
- that the anti-dumping duty on paper-insulated lead-covered electric cables from India be maintained;
- that the anti-dumping duty on polyethylene terephthalate (used for the manufacture of plastic containers for, among others, soft drinks, water, and oils) originating or imported from Chinese Taipei, India, and the Republic of Korea be maintained;
- that the anti-dumping duty on acetaminophenol (paracetamol) originating or imported from the People's Republic of China and the USA be maintained; and
- that the anti-dumping duty on unframed mirrors originating or imported from India be maintained.

Import and export control measures are applied to enforce health, environmental, safety, and technical standards also in terms of international agreements such as the Montreal Protocol on Substances that Deplete the Ozone Layer and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. In addition, the exportation of, among others, precious stones and ferrous and non-ferrous scrap is controlled to facilitate beneficiation. Roughly 20 000 permits are issued annually.

A remaining challenge is that of further shortening the completion periods of investigations, especially in the light of the complexity of investigations involving sharply opposing interests and possible legal challenges. Timelines have already been reduced from 12 to 10 months in the case of trade remedy investigations and from 9 to 6 months in the case of tariff investigations.

Planned new areas of work include the monitoring of trade flows with a view to identifying threats and opportunities in selected sectors. ITAC will have to enhance its capacity in this regard. ITAC will also initiate pro-active periodic reviews of the tariff support measures imposed to gauge the performance of beneficiaries against the policy objectives of increased production, investment and employment.

IDC



2010/11 saw the introduction of the NGP and its manufacturing driver the revised Industrial Policy Action Plan (IPAP2). IDC, as one of the lead implementation agencies for these policies aligned its strategy and focus areas with the priorities as spelt out in these plans. In terms of this strategy, IDC would:

- Focus its efforts on industrial development, especially in those areas identified as priorities in the NGP;
- Contribute to building and enabling environment by identifying and assisting government to address bottlenecks to industrial development;
- Leverage its existing portfolio to enable it to provide lower cost funding to businesses;
- And improve customer satisfaction and its impact on the environment.

A key portion of this strategy includes the development of new industries. One of these areas is green industries. These industries encompass several areas including electricity generation, renewable fuels, measures to improve energy efficiency, and recycling among others. Although a significant portion of the work done in this area during the year focussed on early stage project development, some projects were able to progress to a stage where funding could be approved. Examples include IDC's first approval for a company involved in the mass roll-out of solar water heaters as well as its first approval for a co-generation project. The approval of funding for projects related to renewable electricity generation will start increasing once the final REFIT tariffs are published and the RFP gets issued.

Another priority area in the NGP relates to agro-processing. The development of this sector can lead to increased local value addition for South African produced agricultural goods and act as a pull factor for the development of rural areas. Funding of approximately R940 million was approved for businesses operating in the agricultural value chain, including funding of R154 million for investment in the rest of the Southern African Development Community (SADC). Locally, opportunities brought about by the recent surpluses recorded in grain harvests allowed IDC to assist in funding a chicken abattoir that will create about 980 jobs through linkages with its suppliers as well as reduce South Africa's import requirements for chickens.

The clothing and textiles industry has been in a prolonged period of decline. In 2010, R632 million was approved for businesses in the clothing and textiles industry, with the potential to create and save 10 100 jobs. This funding is not only to support companies in distress, but more importantly should assist companies to improve competitiveness and operate more sustainably. In addition, the IDC worked closely with the dti in previous years to design the Clothing and Textiles Competitiveness Improvement Programme

(CTCIP). The programme provides incentives to businesses in these industries that need assistance to finance interventions to improve their competitiveness. IDC now manages the programme on behalf of the dti and during the year, R648 million worth of funding was approved under this programme.

In the motor vehicle industry, R1.7 billion was approved for funding that will create and save approximately 4 900 jobs. The funding covers a broad spectrum of industry players, including motor vehicle assembly, but more importantly assisting component manufacturers to withstand the medium-term impact of the economic crisis and allow them to expand operations in support of increased localisation of component supply.

During 2009/10, IDC placed a R2 billion bond with the Unemployment Insurance Fund (UIF), aimed at providing low-cost funding to businesses that are creating and saving jobs. During the year, R1.5 billion of funding was approved through this facility, creating and saving an estimated 17 000 jobs. Another intervention was IDC's funding to distressed companies. This was introduced with the advent of the economic crisis in 2009 to assist companies in distress as a result of the economic crisis. Although uptake was originally slow, 2009/10 saw an increase in utilisation of this funding, and by the end of the financial year, R4.2 billion of the R6.1 billion originally earmarked had been allocated. An estimated 28 000 jobs have been created or saved since the introduction of this funding.

Highlights

- Funding approvals for South African based projects are at R8.4 billion, the highest levels ever;
- Approvals during the year are expected to create 27 800 jobs and save an additional 11 700 with a combined impact on employment of 39 500;
- Alignment of operations with the NGP and establishment of a Green-Industries business unit:
 - 89% of new investments in the priority sectors;
- Success with the sourcing of alternative funding:
 - Funds sourced from the UIF to promote creating and saving jobs, with R1.5 billion approved, creating and saving more than 17 000 jobs;
 - Low cost funding secured from an international lender for the promotion of energy efficiency initiatives;
- Successful interventions in large industrial sectors to sustain and increase job creation:
 - R530 000 000 approved in the clothing and textiles industry to curb job losses and increase competitiveness;
 - R1.7 billion approved for investments in the motor vehicle industry, covering both assembly as well as component manufacturers.

Khula

Khula Enterprise Finance Ltd is a wholesale financial institution with a vision of becoming the partner of choice in the field of SME development. Khula provides

suitably structured financing to small and medium enterprises (SMEs) through business loans, equity, and credit indemnities via a network of partners. The organisation also provides vital business support to these SMEs before and after the financing stage of their development. Khula's ultimate goal is to grow the South African economy, create sustainable jobs, and address unemployment. Khula's channels include the big four commercial banks, retail financial institutions, specialist funds and joint ventures.



In the next financial year, Khula will move towards a new retail structure, by introducing an additional product, known as the Khula Direct (KD) model which, is a direct lending channel. Khula's approach to the ultimate launch of KD has been prudent, thoroughly researched, and deliberate. The rationale behind the direct lending product is that Khula has realised that there is a gap that is not being filled by Khula's

partners. The year in question has therefore been one of rebranding, consolidation and, most importantly, of preparation for the inauguration of the first phase of KD.

EDD has set aside R55 million for the launch of the first phase, which will begin with two strategic outlets (out of a total of eleven), namely North East Gauteng (Tshwane) and East London. The Tshwane office will provide close proximity for monitoring during the start-up phase and the East London office is targeted as a province with limited financing partners. The KD model will complement the existing Khula product range. It will provide greater outreach, thus sustaining the Khula values of entrepreneurship, approachability, efficiency and innovation. Khula will partner with institutions such as seda to increase outreach of the product to the broader SME market.

Khula envisages that existing financial partners will play a greater role in positioning the way in which the product is delivered to SMEs and will provide the necessary scale.

Phase one of KD, because it is being introduced on a small scale, will involve minimal disruption to the market. As the model is perfected, larger-scale interventions will be facilitated judiciously. Existing partners will continue to be involved in the pilot implementation, though not necessarily in all provinces.

Operational achievements

In terms of achievements in the year under review, the establishment of Khula Direct itself is being regarded as a major accomplishment for the organisation.

Khula's financial partner, the Small Enterprise Foundation (SEF), must be congratulated. It was set up in Limpopo, one of the poorer provinces, in 1992 to alleviate poverty in a sustainable way by enabling the poor to increase their income through microcredit and by helping them to accumulate savings. SEF has disbursed loans to the total of R1 billion in the micro-lending space in a difficult climate, this is a remarkable achievement.

Khula has undertaken a new partnership with UTHO Capital and the IDC, to create an Infrastructure SME Fund. The Fund targets existing construction companies, with the aim to capacitate them to achieve a new level.

Khula has during the year under review disbursed R166 million to its financing partners for lending to SMEs. This will create an estimated 5 575 jobs. There has been a strong emphasis on the monitoring of existing investments, with a dedicated Post Investment and Monitoring Department being established during the year.

Over the past two years, the original offices have been restructured and the rebranding has been completed. In preparation for KD, Eleven offices have been relocated and staffed accordingly. This will necessitate a degree of decentralisation of staff and a move away from a head office dispensation.

Because of the global and local recession in the past two years, the financing partners have been cutting back on the extension of credit. This has inevitably had a negative effect on Khula. Local partners have been risk averse and the quality and number of applications they've received has been low, while the terms set have been stricter. There has been some economic recovery, and thus local lending activities have been slowly picking up.

If 2011 was a year of consolidation and preparation for the future, 2012 will constitute a defining moment for Khula. For the first time, Khula will be lending directly. Then there will be a merging of entities to form a new institution. Khula and samaf will merge under the Khula brand to become a subsidiary of the IDC, and will be capacitated to deliver new products to SMEs.

Khula will also be looking forward to new agreements with the commercial banks in order to review the existing credit indemnity scheme. There will be a move away from individual guarantees, and therefore a reduction in the administration burden and improvement in the claims process.

samaf

Samaf was established to create work opportunities and sustainable livelihoods through the facilitation and provision of affordable access to finance by micro and survivalist businesses for the purpose of growing their income and asset base. In practice, this means focusing on reaching people who are traditionally excluded from the economic mainstream of the country, such as women and the rural poor communities. Broadly, the objective is to create platforms where poor households can have access to a range of appropriate financial services, including credit and savings facilities. Samaf utilises financial intermediaries (FIs) as a vehicle to provide this access. Substantial progress had been made in the past financial year in improving service delivery to meet the foregoing objectives. This is evident in the fact that the results for the year far exceeded those attained in any financial year since inception.



During the year in review R41 000 000 was dispersed to FIs. This amount is almost twice as much of that which has been disbursed in any single previous year. Although disbursements almost doubled the actual operating expenditure of the organisation was R2,800 000 less than the previous financial year, which translates into a cost of R1,12 for every rand disbursed compared to R2,52 in the 2010/11 financial year. This can be attributed to greater efficiencies and a closer monitoring of expenses.

During the year support was provided to 14 Micro Finance Institutions, 23 Financial Services Co-operatives and 24 stokvels.

Instalment repayments by FIs averaged 90% compared to the previous highest of 70% in the 2007/08 financial year. This high recovery rate has also resulted in the substantial reduction in the provision for impairments (ie. providing for potential bad debts) from R12,200 000 in 2009/10 to R4,500 000 in 2011/11. There was a steady increase in total number of end user borrowers to 40 726 compared to 35 884 in the previous financial year. 80% of the loans by the FIs to the end users were in rural communities and 95% were micro-enterprise loans. The number of micro-enterprise loans was more than three times the target for the year. There was also an increase in total number of end user savers to 31 129 compared to 25 840 in the previous financial year.

Noting the highly developmental area in which samaf operates, it is significant that 93% retention rate of FIs will be achieved at financial year end.

Workshops were held in eight Provinces (except Northern Cape, which will be held in the new year) to establish the development needs of FIs. 272 individuals from 68 institutions participated in these workshops. A number of key training initiatives, particularly on microfinance, were provided for staff to improve their skills.

Creditors were paid within a maximum of 15 days, usually within an average of seven days. It is also worth noting that for the first time the Northern Province registered 5 FIs, 4 stokvels and 1 Financial Services Cooperative (FSC). 3 of these FIs were funded to the value of R578 000.

PART C:

ANNUAL FINANCIAL STATEMENTS





NATIONAL: ECONOMIC DEVELOPMENT DEPARTMENT
VOTE 27

REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2011

REPORT OF THE AUDIT COMMITTEE ON ECONOMIC DEVELOPMENT DEPARTMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

We are pleased to present our report for the above - mentioned financial year.

Audit Committee Members and Attendance:

The audit committee consists of five members listed hereunder. The Committee met once in the period under review:

Name	Position	Appointment date	Attended
SA Simelane	Chairperson	28/02/2011	1
DP van der Nest	Member	28/02/2011	1
R van Wyk	Member	28/02/2011	1
M Dukandar	Member	28/02/2011	1
M Vuso	Member	28/02/2011	1

Audit Committee Responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference in its Audit Committee charter in line with the requirements of section 38(1)(a) of the PFMA and Treasury Regulation 3.1. However, the Committee has not been able to discharge all its responsibilities in compliance with the Audit Committee charter mainly due to the time period in which it had been appointed.

We however report that the department has shown commitment and provided sufficient support to ensuring that the Audit Committee and the Internal Audit functions effectively. Even though the Audit Committee met once in the period under review a considerable effort was put into ensuring that the Committee is brought up to speed with the operations and workings of the department.

The Effectiveness of Internal Control

The Committee noted various issues raised by the Internal Auditors and the Auditor-General South Africa as impacting on the reliability of the system of internal control within the department. Management has acknowledged that these issues must be addressed and measures are being introduced to correct them.

The Committee viewed these issues as serious but understood them in the context of challenges faced in establishing a new department. The Audit Committee will ensure that there is progress in addressing these issues.

Internal Audit

The role of the Committee is to monitor the activities of the Internal Audit function to ensure that it is able to report on the effectiveness of the unit. The internal audit unit was established later in the year under review with the appointment of the Chief Audit executive and other employees will follow when the

structure has been finalized. The Committee can therefore not comment on its effectiveness due to the challenges noted above.

Auditor General South Africa

We have met with the Auditor General South Africa to discuss issues pertaining to their audit.

Risk management

The Committee notes the absence of a risk management function and recommends that more focus be given to establishing a risk management function. This will ensure that the internal control systems of the Department are based on an assessment of key risks within the Department and that the monitoring and management of those risks are effective.

Evaluation of Financial Statements

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa and the Accounting Officer;
- Reviewed the Auditor-General South Africa's final management report and the responses thereto;
- Reviewed significant adjustments resulting from the audit; and
- Review the Auditor-General South Africa's report.

Based on our reviews, we concur with and accept the Auditor-General of South Africa's report on the annual financial statements.

In Year Management Reporting

The Audit Committee has not reviewed the In Year Management Reports except the last quarter due to the fact that the Committee met only once. The reports were discussed with Department officials. Sufficient progress is being made in the development and quality of these reports.

Appreciation

The Audit Committee wishes to express its appreciation to officials of the Department, the Auditor-General South Africa and Internal Audit for the information they have provided to us to compile this report.



SA SIMELANE
CHAIRPERSON: AUDIT COMMITTEE
ECONOMIC DEVELOPMENT DEPARTMENT
25 July 2011

REPORT OF THE ACCOUNTING OFFICER

1. General review of the state of financial affairs

1.1 Strategic overview

The South African economy remains one of the most inequitable in the world. Deep inequalities are associated with extraordinarily high levels of joblessness. In the late '00s, less than half of all working age South Africans had income-earning employment, compared to an international norm of almost two thirds.

The position is worst for young people, largely because too few jobs have been created to absorb the large numbers of new entrants to the labour market. In the first quarter of 2010, the unemployment rate for young people aged 16 to 30 was 40%, compared to 16% for those aged 30 to 65.

Amongst the employed, many workers have poorly paid, insecure and dead-end jobs. In the third quarter half of all people earned less than R2500 a month and over a third earned under R1000 per month, according to Statistics South Africa. The informal sector, agriculture and domestic work contributed a third of all employment, with two thirds of working people earning under R1000 a month.

In short, the economy has not created sufficient opportunities for many of our people over the past three decades. Creating more and better jobs lies at the heart of any strategy to fight poverty, reduce inequalities and address rural development. The Economic Development Department was established to ensure a focus on employment creation, as envisaged in electoral priorities and the outcomes approach of government.

1.2 Overview of key policy developments

1.2.1 The New Growth Path

Government's New Growth Path emphasises a shift from consumption-driven growth to growth based on the productive sectors of the economy, the importance of local procurement, and the strategic use of industrial policy. The sectors specifically identified in the NGP as being central to shift to production are: (i) agriculture and agro-processing; (ii) mining and mineral beneficiation; (iii) manufactured goods; and (iv) the green economy.

In addition to identifying key job creating sectors of the economy, the NGP outlines macro- and microeconomic policy packages. The critical micro-economic considerations are:

- Active industrial policy (IPAP2);
- Rural development policy (linked to agriculture and agro-processing);
- Competition policy (to address economic concentration, collusion on price and market sharing);
- Stepping up education and skills development;
- Enterprise development: promoting small business and entrepreneurship; eliminating unnecessary red tape;
- Broad-Based Black Economic Empowerment (B-BBEE);
- Labour policies;
- Technology policy;
- Developmental trade policies; and
- Policies for African Development

The macro and microeconomic packages go together with a package of social partner commitments aimed at retaining the benefits of a competitive exchange rate and supporting the proposed macro stance; and at improving the levels of private savings in the economy.

Resource drivers include the Medium Term Expenditure Framework (MTEF) of government, the resources of public institutions including those of development finance institutions, state-owned enterprises, universities and science councils, investment in development by retirement funds and international financing.

Cabinet adopted the NGP on 25 October 2010. Cabinet discussed the NGP at its Lekgotla on 16-18 January 2011 and President Zuma in his State of the Nation Address on 11 February 2011 said the following:

We have declared 2011 a year of job creation through meaningful economic transformation and inclusive growth.

We have introduced a New Growth Path that will guide our work in achieving these goals, working within the premise that the creation of decent work is at the centre of our economic policies.

All government departments will align their programmes with the job creation imperative. The provincial and local spheres have been requested to do the same.

The programmes of the State Owned Enterprises and development finance institutions should also be more strongly aligned to the job creation agenda.

Implementation of the New Growth Path is a core responsibility of EDD.

1.2.2 Outcome 4: Decent Employment through Inclusive Growth

The Presidency developed an outcomes-based monitoring and evaluation system which was presented to the January 2010 Cabinet Lekgotla. Twelve outcomes were developed, including Outcome 4: Decent Employment through Inclusive Growth. The agreement on achieving Outcome 4 was developed simultaneously with the NGP, and will ensure implementation of priority programmes for more inclusive growth.

The Economic Sectors and Employment Cluster (ESEC) is the Implementation Forum and the coordinating departments are Economic Development (EDD), National Treasury (NT) and Trade and Industry (the dti). A number of government departments and state entities have been identified as Delivery Partners. The Economic Development MinMec serves as a Delivery Forum, ensuring alignment of the three spheres of government in the implementation of Outcome 4.

The Ministers of Economic Development, Finance and Trade and Industry finalised the Outcome 4 Delivery Agreement on 20 October 2010. In February 2011 the first report on the Programme of Action was developed.

1.3 Operational overview

EDD has had a good year and has performed well against its targets. Most of the constraints facing the organisation relate to shortages of staff. Underspending is one area of performance that may be directly

linked to understaffing. EDD spent almost 90% of its budget, but the bulk of this spending was transfer payments to entities. EDD's underspending of its budget excluding transfers is largely attributable to its high vacancy rate.

EDD started the financial year with 18 staff, most of whom were supporting the Minister, Deputy Minister and the Director-General. The Director-General drove the recruitment process, following the advertisement of senior posts, and by 1 July 2010 a Chief Director: Human Resource Management and CFO had been appointed. Two Deputy Director-Generals were thereafter appointed.

There were many challenges in the recruitment process. Job evaluations had to be done on all posts on the establishment, applications had to be screened, tests administered and interviews held. Often after this process there were no suitable candidates: the economic sector is a sector of scarce skills. In an attempt to kick-start the work in some subprogrammes, staff were employed on contract, based on their ability, and in this way a pool of talented junior staffers was established.

At the same time, the HR and Finance chief directors recruited for their offices. The compliance requirements in the Public Service are the same for small and large departments, and it is important to have, for example, segregation of duties in the financial realm, which requires that staff be appointed. The Internal Auditor was appointed on 1 November 2010. The key corporate posts of Director: Information Technology and Director: Legal Services were vacant for the period under review.

When the Minister and Deputy Minister of Economic Development were appointed in May 2009, they were housed on the dti campus. When EDD was established, it was likewise accommodated on the campus. Initially, the Ministry and Department were fully reliant on the corporate services provided by the dti, including facilities management, IT, HR, Finance and Supply Chain. As EDD has built its capacity in HR and Finance, it has taken over some of the functions from the dti. EDD remains fully dependent on the dti for IT services and facilities management (as part of a PPP).

A Memorandum of Understanding was signed by the two Directors-General to regulate the support given by the dti to EDD in corporate services. The dti staff have leant great support to EDD as it was establishing itself, and I would like to express our sincere thanks to the DG of the dti for his Department's ongoing support.

One of the major constraints to growth has been the shortage of office space. The dti and the entities housed on the campus are also all expanding and the space is finite. EDD is currently housed in two different buildings on the campus. This will increase to three when a further space becomes available. The campus does however support collegial work with the dti and the entities reporting to EDD, five of whom are resident on the campus.

A great deal of work, including extensive consultation, went into the development of the NGP. The NGP was presented at the July Cabinet Lekgotla, and further consultation took place and it was presented to Cabinet on 25 October 2010 and adopted.

There were many calls for presentations on the New Growth Path, and despite its lack of staff EDD complied with most of these requests, presenting to national departments, provinces, municipalities and SOE forums, among others. Priority tasks were identified and presented to the January 2011 Cabinet Lekgotla. In February 2011 President Zuma made announcements regarding the implementation of the NGP. 2011 was heralded as the year of employment creation.

Running in parallel to the development of the NGP was the development of the Outcome 4 delivery agreement, an agreement of the three economic Ministers regarding the key outputs required towards the achievement of Outcome 4: Decent Work through Inclusive Growth. This was also tabled at the July 2010 Cabinet Lekgotla and after further consultations was signed by the Ministers on 20 October 2010.

The finalisation of these documents was critically important for the consolidation of the economic agenda of government. It represents a substantial part of the output of the Department in 2010/11. However, the implementation of EDD's Strategic Plan required that certain programmatic work be done, and capacity was built in planning, the green economy and social dialogue among other areas. The work of these officials contributed towards the successful meeting of most of our Estimates of National Expenditure (ENE) targets, which are incorporated in our Annual Performance Plan.

The Annual Report reflects that a great deal has been achieved. Mostly the targets set have been met or exceeded, while a small number of targets have not been met. This relates in one case to the nature of the target, for example agreements, which take time to conclude and sign, or to a shortage of staff, in the case of leveraging state expenditure and procurement for economic development.

EDD has engaged extensively with provincial and local government. Two MinMecs were held, as well as many engagements with provinces on their priority projects and the NGP and municipalities on local economic development and the NGP. The Minister's participation in Deputy President Motlanthe's anti-poverty visits was supported. EDD participated in national planning processes and developed various sector and spatial plans.

EDD engaged in dialogue with many sectors and workplaces, and at the national level particularly on the NGP. EDD took steps to build the capacity of government's labour partners. The Minister held three meetings of the Economic Advisory Panel.

EDD exercised oversight over entities that report to the Minister. The Office of the DG performed this function but as the volume of work increased line function staff was recruited. A Chief Director: DFIs was appointed on 1 February 2011. Other staff is being recruited.

The Minister and Director-General had numerous engagements with the entities, in particular the IDC, Khula and the Competition Commission. The entities' strategic plans were scrutinised and aligned to government's strategic objectives. A dashboard of indicators was developed and implemented from the 3rd quarter. Substantial additional funds were secured for the entities for the 2011/12 financial year.

Planning and reporting was likewise the responsibility of the Office of the Director-General. Quarterly plans were developed, as new priorities (related to the NGP and Outcome 4 in particular) imposed changes during the year. These plans were based primarily on the Strategic Plan and ENE. Quarterly reports were produced and presented to the Portfolio Committee. EDD's work on planning and reporting will be strengthened and additional personnel will be appointed.

At the end of the year 90 people were employed or had signed binding contracts of employment. There are still important gaps in the programmatic work of the Department, but headway has been made in staffing corporate services functions. A critical task for 2011/12 will be the creation of junior posts to provide opportunities for the talent pool that has been established. EDD is proud of its achievements under difficult circumstances, and will continue to grow from strength to strength.

1.4 Overview of expenditure trends

The allocated budget for the department for the 2010/11 financial year was R 449 840 000. There is no comparison to previous year's expenditure as 2010/11 is EDD's first MTEF. The expenditure for 2010/11 was R 400 674 000 which is 89% of the voted budget.

The major cost driver of the department is in Programme 3: Economic Planning Coordination which includes transfers to departmental agencies with an expenditure of 95% of the adjusted budget as well as Programme 1: Administration, which has an expenditure of 78% of the adjusted budget.

Under-expenditure occurred primarily in Programme 2: Economic Policy Development and Programme 4: Economic Development and Dialogue. This is attributed by the rate in which posts are filled as EDD is in its first year of operation.

Overall under-spending of R 49 166 000 must be read in the context of the requests for rollovers, amounting to R 35 050 000, pending approval by the National Treasury.

Roll-overs were requested for the following:

Program	Amount	
	R' 000	
Water Affairs: Working for Water Project		8 000
Boitumelo prep costs: EDD office accomodation		3 000
Wits University: Economic Capacity Building Course		2 000
Deneys Reitz Attorneys	(Walmart/Massmart case)	1 300
Commitments outstanding (Capital and Goods & Services)		750
Southern African Development Community - East African Community - Common Market for East and Southern Africa (SADC-EAC-COMESA) Tripartite Summit	(EDD,DTI,NT)	20 000
Total		35 050

Subsequently rollovers of R 3 300 000 were granted by National Treasury.

1.5 Virements

A total amount of R 10 270 000 was re-directed between divisions of the Vote by means of virement requests approved by the National Treasury, to address various changes in operational requirements. The most important operations, for which redirected funds were utilised, are as follows:

Virement between programmes

Virements from the following programme	Virements to the following programme	Amount available for Virement R' 000	Reasons
Economic Planning and Coordination	Transfer Payment: Wits University: Economic Development Capacity Building Course	2,000	Funds moved for Economic Development Capacity Course

Virments from the following programme	Virments to the following programme	Amount available for Virement R' 000	Reasons
Economic Planning and Coordination	Transfer Payment: University of Johannesburg: Academy for Social Economy	4,820	Funds Moved for Academy of Social Economy
Economic Policy Development			
Economic Planning and Coordination	Transfer Payment: KHULA Enterprise Finance Limited	3,450	Funds moved for Khula's Core Proramme Support
		10,270	

1.6 Expenditure trends per programme

Programme 1: Administration

Purpose: Coordinate and render an effective, efficient, strategic support and administrative service to the minister, deputy minister, director-general, the department and its agencies.

From the departmental adjusted budget of R 45 127 000, total expenditure for Administration for the year 2010/11 is at R 35 044 000 or 78% of the budget.

Programme 2: Economic Policy Development

Purpose: Strengthen the economic development policy capacity of government; review, develop and propose the alignment of economic policies; and develop policies aimed at broadening participation in the economy and creating decent work opportunities.

Expenditure for programme 2 amounts to R 6 647 000 or 39% of the adjusted budget of R 17 101 000. Slow spending in this Programme is largely informed by the slow rate at which posts are being filled because EDD is in its first year of operation.

Programme 3: Economic Planning and Co-ordination

Purpose: Promote economic planning and coordination through developing economic planning proposals; provide oversight and policy coordination of identified development finance institutions and economic regulatory bodies; and contribute to the development of the green economy.

Actual expenditure for programme 3 and its sub-programmes amounts to R 358 527 000 or 95% of the adjusted budget of R 376 900 000 for the 2010/11 financial year, and this is mainly due to transfer payments to the agencies.

Programme 4: Economic Development and Dialogue

Purpose: Promote social dialogue; implement strategic frameworks; build capacity among social partners; and promote productivity, entrepreneurship and innovation in the workplace.

Spending for programme 4 for the year 2010/11 is R 456 000 or 4% from the adjusted budget of R10 712

000 which is much less to the adjusted budget for 2010/11 financial year. Slow spending in this programme is largely informed by the rate at which posts are filled because EDD is in its first year of operation.

1.7 Other material matters

There was no unauthorised expenditure in 2010/11.

There was fruitless and wasteful expenditure of R 27 384 related to the unavoidable cancellation of a trip of the Deputy Minister that was to have taken place on 7-12 August 2010.

There was no irregular expenditure.

The department did not incur any expenditure relating to 2010 FIFA World Cup tickets and clothing during and after the financial year.

1.8 Inventories

Inventories on hand at year end amounted to R24, 920, consisting mainly of stationery.

2. Services rendered by the Department

The Department provides research, economic policy formulation, economic policy coordination, economic planning and social dialogue services.

3. Capacity constraints

EDD was established on 7 July 2009. On 1 April 2010 the EDD had 18 staff, all but three on contract. By the 31 March 2011, 90 staff had been employed, or contracted to be employed.

The shortage of staff impacted upon every area of EDD's work. Certain objectives could not be met, including the establishment of an Economic Development Institute and research on productivity, entrepreneurship and innovation, and other areas could only be partially achieved.

Deputy Directors-General of Economic Policy Development and Economic Planning and Coordination were recruited. The latter subsequently resigned within the probation period. The Chief Director of Human Resource Management and the Chief Financial Officer joined the Department from the second quarter. The corporate managers subsequently recruited their teams.

Chief Directors for the Growth Path and Economic Planning were hired. A Chief Director was hired on contract to implement the Green Economy subprogramme. Various senior managers were appointed and deployed to branches.

The Chief Director for Development Finance Institutions was appointed with effect from 1 February 2011, while the Chief Director of Economic Regulatory Bodies remains vacant.

Use was made of temporary employment contracts to secure staff immediately, and these staff members contributed substantially toward the establishment of the Department. In future the organogram should find the balance between core and support staff in order to reach its optimum outcome.

The organisational structure provides for 265 posts, while funding exists for 124. This will also need to be addressed.

4. Utilisation of donor funds

Not applicable

5. Trading entities and public entities

Name of entity	Nature of Business
Competition Commission	Implements competition policy
Competition Tribunal	Adjudicates competition matters
International Trade Administration Commission (ITAC)	Administers international trade
Industrial Development Corporation (IDC)	Development finance institution
Khula Enterprise Finance Limited (Khula)	Development finance institution
South African Micro-finance Apex Fund (samaf)	Development finance institution

6. Organisations to which transfer payments have been made

The Department has policy oversight over three development finance institutions: the Industrial Development Corporation, Khula Enterprise Finance and the South African Micro-finance Apex Fund. The department also promotes competitiveness and decent work through its oversight of three economic regulatory bodies: the Competition Commission, the Competition Tribunal and the International Trade Administration Commission.

Entities received transfers from EDD's budget as follows:

• Khula Enterprise Limited:	R69 729 000
• South African Micro finances Apex Fund:	R82 082 000
• International Trade and Administration Commission:	R64 343 000
• Competition Commission:	R88 818 000
• Competition Tribunal:	R13 625 000

Adjustment budget

- An additional R28 843 000 was allocated to Competition Commission
- An additional R750 000 was allocated to samaf

Post-Adjustment budget

- R4 820 000 was transferred to the University of Johannesburg for the Social Economy Academy
- R3 450 000 to Khula Enterprise Limited

7. Public Private Partnerships

The dti campus is run through a PPP agreement with the dti, Rainprop and EDC. EDD is participating through dti, to whom they pay monthly office rental. The PPP includes office furniture acquisition, security services, maintenance services, cleaning services, and food aid services.

From its inception EDD has been occupying office space within the dti campus. Since May 2009 the department has been accommodated on the 3rd floor of Block A which has 16 offices, 4 open plans which accommodate 39 staff members, 3 Boardrooms and 3 kitchens. All these include the Offices of the Minister and Deputy Minister and that of the DG.

More office accommodation will be secured as the Department continues to grow. There are clear benefits of the co-location with the dti and with key agencies that report to EDD. The dti provided office space on the 1st floor in Block B where 14 staff members are accommodated and Block D 1st floor where 21 others are accommodated.

There are plans for EDD to occupy the entire Block E in the campus. As part of relocating to Block E, EDD has engaged itself in the conversion of part of the ground floor of Block E. This office space will accommodate about 30 officials. This conversion project was still in process at financial year end and will be completed in May 2011.

It is anticipated that EDD will occupy the entire Block E once the public entity CIPC which is seeking to relocate has vacated the campus.

8. Corporate governance arrangements

8.1 Compliance with Sections 38 and 40 of the Public Finance Management Act (PFMA)

The department ensured the existence of appropriate control policies and procedures for effective, efficient, economic and transparent use of resources. As stated below a system of internal audit under the direction of an audit committee has been put in place. An appropriate procurement and provisioning system has been put in place. Steps have been taken to prevent unauthorised, irregular and fruitless and wasteful expenditure and losses resulting from criminal conduct. Steps have been taken to safeguard and maintain assets and manage liabilities. Money owing is paid as far as possible within the prescribed period.

The department met the requirements regarding annual reporting on the 2009/10 financial year. The Executive Authority tabled the Annual Report on 30 September 2010. The Annual Report was not a standard Annual Report, in that EDD's financial matters were dealt with in the dti's Annual Financial Statements and Annual Report as EDD's budget for 2009/10 was managed as a programme within the dti's budget. There were accordingly no requirements for EDD to have Annual Financial Statements and the Auditor-General only reported on EDD's finances within the dti's Annual Report for 2009/10. The EDD CFO was appointed on 1 July 2010. Monthly financial reports to the National Treasury were submitted on time, initially by the dti on behalf of EDD.

8.2 Management meetings

The Minexco, a meeting of the Minister and the EXCO, met twice during the year while EXCO met on three occasions and MANCO on 13 occasions.

The EXCO is restricted to branch heads and corporate managers. The meeting considers the operational performance of the Department, and discusses major upcoming and recent strategic events for feedback and briefing purposes. The meeting also considers financial management, Human Resource management, audit, procurement and related matters.

The MANCO consists of the Senior Management Service members of the Department. It meets to discuss

new policies and policy developments, with the aim of peer reviewing and testing them prior to submission to EXCO. Quarterly there is a review of the implementation of the operational plan.

8.3 Risk management

EDD has not yet established a system of risk management. According to the existing organogram, there is no risk management function. In future, more focus will be given to establishing the risk management function to ensure that the internal control systems of the Department are based on an assessment of key risks. Effective management, monitoring and reporting of those risks will be established.

8.4 Fraud Prevention Plan

By the end of 2010/11 year-end EDD had not developed a Fraud Prevention Plan. Together with other policies the OCFO will develop one during the 2011/12 financial year.

8.5 Disclosure of financial interests by senior managers

All senior managers disclosed their financial interests, which were noted by the Minister and submitted to the office of the Public Service Commission.

8.6 Health and Safety

EDD is currently accommodated within the dti campus and dependent on their health and safety programme, which includes occupational health and safety inspection.

8.7 Operational policies

Since the establishment of EDD, the department has been operating using the dti's policies. This was necessitated by the dti's role in assisting with the establishment of the new department. The Memorandum of Understanding (MOU) between the Director-Generals of EDD and dti enabled EDD to utilise the dti's existing infrastructure. The MOU covers HR and Finance functions, among others. The policies of the dti were adopted by EDD.

8.8 Internal audit

During the financial year the internal audit unit was established with the appointment of the Director: Internal Audit in November 2010. Internal control evaluation reviews were conducted in five focus areas highlighting significant control weaknesses which in a number of areas have since been addressed. In the next financial year, internal audit will periodically track management's progress in resolving outstanding internal control issues raised by internal audit and those that will be raised by the Auditor-General South Africa.

8.9 Audit Committee

In a bid to strengthen governance in the Department, an Audit Committee consisting of five non-executive members was appointed in February 2011 and had one sitting in the year under review.

8.10 Minimising the impact of the department on the environment

As a tenant on the dti campus, EDD is yet to develop a programme for effective use of the waste management including recycling, electricity consumption and re-use of equipment.

8.11 Bid Adjudication Committee

The Departmental Bid Adjudication Committee (BAC) was established during the financial year under review. It has seven permanent members who were all appointed in writing by the Accounting Officer. The Chief Financial Officer is the Chairperson, and the Head of Human Resources Management is Deputy Chairperson.

The BAC considers all tenders that are above R 500 000, highly technical normal procurements recommended by *ad hoc* specification committees, as well as all requested deviations from normal tender processes depending on the circumstances. The BAC makes recommendations to the Accounting Officer for final approval. Ordinarily it meets twice a month. It is supported by the Supply Chain Management unit, which also plays a secretarial role.

9. Discontinued activities / activities to be discontinued

Not applicable

10. New and proposed activities

Not applicable

11. Asset management

During 2009/10 financial year, which was EDD's first year of operation, the department bought its assets using funds that were availed via the dti and were paid for using EDD's adjusted budget. The dti assisted EDD to acquire these assets.

Because EDD did not have a vote, as these assets were acquired they were included in the dti's asset register during the 2009/10 financial year. These assets were subsequently transferred to EDD in 2010/11 at a cost of R2 25 000, which was their original cost of acquisition. Assets transferred from dti to EDD among others include 7 vehicles, 36 printers, 28 laptops and 5 projectors.

EDD continued to acquire new assets during the 2010/11 financial year at total a cost of R4 333 000 which include: vehicles, printers, laptops, printers and office furniture for the Cape Town Office. The closing balance for the total value of assets of the department in 2010/11 financial year was R6 584 000.

Through dti, EDD is part of the dti, Rainprop and EDC public private partnership (PPP), and does not buy office furniture for its Pretoria offices. With regard to the Cape Town offices EDD buys all assets including office furniture.

EDD uses the LOGIS system to account for all these assets. These assets when received are loaded on the LOGIS system by an official from the Supply Chain Management unit and asset verifications are periodically conducted. Asset verifications are a good control measure to ensure that assets acquired by the department are kept in working condition and are safeguarded by EDD. Four such verifications took

place during the 2010/11 financial year, one per quarter. Assets on LOGIS are reconciled to assets verified.

12. Events after the reporting date

Not applicable

13. Performance information

The Strategic Plan 2010/11 to 2012/13 outlined the strategic objectives, programmes and subprogrammes of the Department. The Estimates of National Expenditure 2010/11 contain performance indicators that were made part of the operational plan of the Department, together with prioritised tasks from the Strategic Plan. Quarterly reports were produced on the implementation of the Strategic Plan and achievements against the ENE targets.

Areas for improvement were identified during discussions with the Auditor-General South Africa, including the need for the Strategic Plan and Annual Performance Plan to comply with the guidelines set by the National Treasury. The need for direct linkages between the templates of the Strategic Plan, Annual Performance Plan, quarterly reports and the Annual Report was emphasised. It was highlighted that the planning and reporting processes are underpinned by the determination of predetermined objectives and the measurement of the Department's performance against those objectives.

14. SCOPA resolutions

None

15. Prior modifications to audit reports

None

16. Exemptions and deviations received from the National Treasury

No exemptions were requested or approved for the department in terms of the Public Finance Management Act (PFMA) and Treasury Regulations, as may be applicable to any of the reporting requirements.

17. Approval

The attached Annual Financial Statements have been approved by me, in my professional capacity as Accounting Officer of EDD.



PROF RICHARD M LEVIN
ACCOUNTING OFFICER
27 July 2011

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 27: ECONOMIC DEVELOPMENT DEPARTMENT

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Economic Development Department, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, as set out on pages 75 to 112 .

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 the Departmental Financial Reporting Framework prescribed by the National Treasury, the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Economic Development Department as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and the requirements of the PFMA.

Additional matters

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

Financial reporting framework

8. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the department.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 14 to 46 and material non-compliance with laws and regulations applicable to the department.

Predetermined objectives

10. There are no material findings on the annual performance report.

Compliance with laws and regulations

Strategic planning and performance management

11. The accounting officer prepared a three year strategic plan that did not include targets of the institution's programmes as required by Treasury Regulation 5.2.3(d).

Employee Costs

12. The executive authority did not engage in HR planning with a view to meeting the human resource needs as per the requirements of Public Service Regulation 1/III/B.2(d).
13. Persons in charge at pay points did not certify on date of payment that all employees listed on the payroll report were entitled to the payment as per the requirements of Treasury Regulation 8.3.4.

Expenditure management

14. Sufficient appropriate audit evidence could not be obtained that payments due to creditors were settled within 30 days from receipt of an invoice as per the requirements of section 38(1)(f) of the

PFMA and Treasury Regulation 8.2.3.

Procurement and contracts

15. Instances were identified where senior managers did not disclose their business interest in a supplier to the department to the executive authority as per the requirements of chapter 3(C1) of the Public Service Regulations.

Annual Financial Statements

16. The accounting officer submit financial statements for auditing that were not prepared in all material aspects in accordance with generally recognized accounting practice as required by section 40(1)(b) of the PFMA. The material misstatements identified by the AGSA with regards to the disclosure items were subsequently corrected.

INTERNAL CONTROL

17. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

18. The current financial year was the departments first year of operation and as a result it did not have adequate documented policies and procedures in place to guide the operations of the entity to comply with relevant legislation and regulations. Consequently non-compliance with applicable legislation was identified.

Financial and performance management

19. The department did not have sufficient procedures in place to prepare accurate and complete annual financial statements. As a result the financial statements were subject to material adjustments.

Auditor - General

Pretoria

29 July 2011



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Appropriation per programme										
APPROPRIATION STATEMENT	2010/11						2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
1. Administration										
Current payment	40,338	-		40,338	30,710	9,628	76.1%			
Transfers and subsidies			-	-	-	-	-			
Payment for capital assets	4,789	-	-	4,789	4334	455	90.5%			
2. Economic Policy										
Current payment	18,587		(1,486)	17,101	6,647	10,454	38.9%			
3. Economic Planning and Co-ordination										
Current payment	26,423	-	(7,984)	18,439	2,067	16,372	11.2%			
Transfers and subsidies	348,191	-	10,270	358,461	356,460	2,001	99.4%			
Payment for capital assets			-	-	-	-	-			
4. Economic Development and Dialogue										
Current payment	11,512	-	(800)	10,712	456	10,256	4.3%			
Transfers and subsidies			-	-	-	-	-			
Payment for capital assets			-	-	-	-	-			
Sub Total	449,840	-	-	449,840	400,674	49,166	89.1%			

NATIONAL: ECONOMIC DEVELOPMENT DEPARTMENT
 VOTE 27

APPROPRIATION STATEMENT
 for the year ended 31 March 2011

Appropriation per programme										
2010/11							2009/10			
APPROPRIATION STATEMENT	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
				Final Appropriation	Actual Expenditure				Final Appropriation	Actual Expenditure
TOTAL (brought forward)				449,840	400,674					
Reconciliation with statement of financial performance										
ADD										
Departmental receipts				547,237						
Actual amounts per statement of financial performance (total revenue)				997,077						
Actual amounts per statement of financial performance (total expenditure)					400,674					

Appropriation per economic classification									
ECONOMIC CLASSIFICATION	2010/11					2009/10			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments									
Compensation of employees	61,857	-	(7,584)	54,273	25,167	29,106	46.4%		
Goods and services	35,004	-	(2,686)	32,318	14,713	17,605	45.5%		
Transfers and subsidies									
Departmental agencies and accounts	278,461	-	-	278,461	278,461	-	100%		
Universities & technicians	-	-	6,820	6,820	4,820	2,000	70.7%		
Public corporations and private enterprises	69,729	-	3,450	73,179	73,179	-	100%		
Payments for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-			
Machinery and equipment	3,789	543	-	4,332	4,333	(1)	100.0%		
Biological assets	-	-	-	-	-	-			
Software and other intangible assets	1,000	(543)	-	457	1	456	0.2%		
Total	449,840	-	-	449,840	400,674	49,166	89.1%		

APPROPRIATION STATEMENT
for the year ended 31 March 2011

2010/11							2009/10		
PROGRAMME 1 – ADMINISTRATION	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									
1.1 Ministry									
Current Payment	17,367	6,877	-	24,244	23,947	297	98.8%		
1.2 Office of the Director-Gen									
Current Payment	4,640	-	-	4,640	4,265	375	91.9%		
1.3 Corporate Services									
Current payment	18,331	(6,877)	-	11,454	2,498	8,956	21.8%		
Transfers and subsidies	-	-	-	-	-	-			
Payment for capital assets	4,789			4,789	4,334	455	90.5%		
Total	45,127	-	-	45,127	35,044	10,083	77.7%		

2010/11							2009/10		
ECONOMIC CLASSIFICATION	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									
Compensation of employees	25,664	-	-	25,664	16,839	8,825	65.6%		
Goods and services	14,674	-	-	14,674	13,872	802	94.5%		
Financial transactions in assets and liabilities		-	-	-	-	-	-		
Transfers and subsidies	-	-	-	-	-	-	-		
Payments for Capital Assets									
Buildings and other fixed structures				-					
Machinery and equipment	3,789	543		4,332	4,332	-	100.0%		
Software and other intangible assets	1,000	(543)		457	1	456	0.2%		
Total	45,127	-	-	45,127	35,044	10,083	77.7%		

APPROPRIATION STATEMENT
for the year ended 31 March 2011

2010/11										2009/10			
PROGRAMME 2 – ECONOMIC POLICY	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	R'000	R'000
2.1 Growth Path & Creation of Decent Work													
Current Payment	5,226	-		5,226	833	4,393	15.9%						
2.2 Economic Policy													
Current Payment	6,555	-		6,555	5,814	741	88.7%						
2.3 BBB Economic Empowerment													
Current payment	4,738	-	(1,486)	3,252		3,252							
2.4 Second Economy													
Current payment	2,068	-		2,068		2,068							
Total	18,587	-	(1,486)	17,101	6,647	10,454	38.9%						
2010/11										2009/10			
ECONOMIC CLASSIFICATION	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	Final Appropriation	Actual expenditure	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	R'000	R'000
Current payments													
Compensation of employees	10,592	-	-	10,592	6,505	4,087	61.4%						
Goods and services	7,995	-	(1,486)	6,509	141	6,368	2.2%						
Payments for Capital Assets													
Machinery and equipment	-	-	-	-	1	(1)							
Software and other intangible assets													
Total	18,587	-	(1,486)	17,101	6,647	10,454	38.9%						

NATIONAL: ECONOMIC DEVELOPMENT DEPARTMENT
VOTE 27

APPROPRIATION STATEMENT
for the year ended 31 March 2011

PROGRAMME 3 – ECONOMIC PLANNING & CO-ORDINATION	2010/11						2009/10		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.1 Spatial, Sec & Planning									
Current Payment	13,028	-	(6,534)	6,494	1,630	4,864	25.1%		
3.2 Economic Development Financial & Procurement									
Current Payment	3,806	-	-	3,806	172	3,634	4.5%		
3.3 Investment for Economic Development									
Current payment	4,823		(1,000)	3,823	265	3,558	6.9%		
Transfers and subsidies	152,561	-	10,270	162,831	160,831	2,000	98.8%		
3.4 Competitiveness & Trade for Decent Work									
Current payment	4,766	-	(450)	4,316	-	4,316			
Transfers and subsidies	195,630	-	-	195,630	195,629	1	100%		
Total	374,614	-	2,286	376,900	358,527	18,373	95.1%		

NATIONAL: ECONOMIC DEVELOPMENT DEPARTMENT
VOTE 27

APPROPRIATION STATEMENT
for the year ended 31 March 2011

ECONOMIC CLASSIFICATION	2010/11							2009/10	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Current payments									
Compensation of employees	18,294		(6,784)	11,510	1,373	10,137	11.9%		
Goods and services	8,130		(1,200)	6,930	694	6,236	10.0%		
Transfers and subsidies to:									
Departmental agencies and accounts	278,461		-	278,461	278,461	-	100%		
Universities and technikons	-		6,820	6,820	4,820	2,000	70.7%		
Public corporations and private enterprises	69,729		3,450	73,179	73,179	-	100%		
Payment for capital assets									
Total	374,614	-	2,286	376,900	358,527	18,373	95.1%		

APPROPRIATION STATEMENT
for the year ended 31 March 2011

2010/11							2009/10		
PROGRAMME 4 – ECONOMIC DEVELOPMENT & DIALOGUE	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
4.1 National Social Dialogue & Strategic Frameworks									
Current Payment	7,951	-	(800)	7,151	16	7,135	0.2%		
4.2 Sector & Workplace Social									
Current Payment	400	40	-	440	440	-	100.0%		
4.3 Capacity Building for Economic Development									
Current payment	1,710	-	-	1,710	-	1,710			
4.4 Productivity, Entrepreneurship & Innovation									
Current payment	1,451	(40)	-	1,411	-	1,411			
Total	11,512	-	(800)	10,712	456	10,256	4.3%		

2010/11							2009/10		
ECONOMIC CLASSIFICATION	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									
Compensation of employees	7,307	-	(800)	6,507	450	6,057	6.9%		
Goods and services	4,205	-	-	4,205	6	4,199	0.1%		
Total	11,512	-	(800)	10,712	456	10,256	4.3%		

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

Detail of these transactions can be viewed in the note number 5 Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

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

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

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

3.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	45,127	35,044	10,083	22.34%
Explanation of variance: Under - spending is mainly attributed to slow rate of filling vacancies and some outstanding commitments. 2010/11 was an inaugural year of EDD.				
Economic Policy	17,101	6,647	10,454	61.13%
Explanation of variance: Under - spending is mainly attributed to slow rate of filling vacancies. 2010/11 was an inaugural year of EDD.				
Economic Planning & Co-ordination	376,900	358,527	18,373	4.87%
Explanation of variance: Slow spending in this programme is largely informed by the rate in which posts are filled because EDD is in its first year.				
Economic Development and Dialogue	10,712	456	10,256	95.74%
Explanation of variance: Slow spending in this programme is largely informed by the rate in which posts are filled because EDD is in its first year.				
Total	449,840	400,674	49,166	10.93%

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2011

3.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments:				
Compensation of employees	54,273	25,167	29,106	53.60%
Goods and services	32,318	14,713	17,605	54.50%
Transfers and subsidies:				
Departmental agencies and accounts	278,461	278,461	-	
Universities and Technikons	6,820	4,820	2,000	29.33%
Public corporations and private enterprises	73,179	73,179	-	
Payments for capital assets:				
Machinery and equipment	3,789	4,333	(544)	(14.36)%
Software and other intangible assets	1,000	1	999	99.90%
Total	449,840	400,674	49,166	

Explanation of variances:

Under-spending on Compensation of employees is due to slow rate of filling of vacancies. Goods and Services and Payments for Capital assets were influenced by the slow expansion of the department as well as some outstanding commitments.

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2011

	Note	2010/11	2009/10
		R'000	R'000
REVENUE			
Annual appropriation	1	449,840	
Departmental revenue	2	547,237	
TOTAL REVENUE		997,077	
EXPENDITURE			
Current expenditure			
Compensation of employees	3	25,167	
Goods and services	4	14,713	
Total current expenditure		39,880	
Transfers and subsidies			
Transfers and subsidies	5	356,460	
Total transfers and subsidies		356,460	
Expenditure for capital assets			
Tangible capital assets	6	4,333	
Software and other intangible assets	6	1	
Total expenditure for capital assets		4,334	
TOTAL EXPENDITURE		400,674	
SURPLUS/(DEFICIT) FOR THE YEAR		596,403	
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds	12	49,166	
Annual appropriation	1.1	449,840	
Departmental revenue	13	547,237	
SURPLUS/(DEFICIT) FOR THE YEAR		596,403	

STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2011

	Note	2010/11	2009/10
		R'000	R'000
ASSETS			
Current assets		119,438	
Cash and cash equivalents	7	118,598	
Prepayments and advances	8	466	
Receivables	9	374	
Non-current assets		1,704,250	
Investments	10	1,392,969	
Loans	11	311,281	
TOTAL ASSETS		1,823,688	
LIABILITIES			
Current liabilities		119,438	
Voted funds to be surrendered to the Revenue Fund	12	49,166	
Departmental revenue to be surrendered to the Revenue Fund	13	70,262	
Payables	14	10	
TOTAL LIABILITIES		119,438	
NET ASSETS		1,704,250	
Represented by:			
Capitalisation reserve		1,704,250	
TOTAL		1,704,250	

STATEMENT OF CHANGES IN ASSETS
for the year ended 31 March 2011

NET ASSETS	Note	2010/11	2009/10
		R'000	R'000
Capitalisation Reserves			
Opening balance		-	
Transfers:		-	
Movement in Equity		1,704,250	
Closing balance		1,704,250	
TOTAL		1,704,250	

CASH FLOW STATEMENT
for the year ended 31 March 2011

	Note	2010/11 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		947,077
Annual appropriated funds received	1.1	449,840
Departmental revenue received	2	497,237
Net (increase)/decrease in working capital		(830)
Surrendered to Revenue Fund		(476,975)
Current payments		(39,880)
Transfers and subsidies paid		(356,460)
Net cash flow available from/(utilised in) operating activities	15	72,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets	6	(4,334)
(Increase)/decrease in loans		-
(Increase)/decrease in investments		-
Net cash flows from/(utilised in) investing activities		(4,334)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution/dividend received	2	50,000
Increase/(decrease) in net assets		-
Net cash flows from financing activities		50,000
Net increase in cash and cash equivalents		118,598
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at end of period	16	118,598

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

1. Presentation of the financial statements

1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the accounting system by not later than 31 March of each year.

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures- Appropriation statement

A comparison between actual and budgeted amounts per major classification of expenditure is included in the appropriation statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process, are recognised in the financial records on the date the adjustments become effective.

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

Any amounts due from National Revenue Fund at the end of the financial year are recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National Revenue Fund.

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

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

3. Expenditure

3.1 Compensation of employees

3.1.1 Short-term employee benefits

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

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

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

3.2 Goods and services

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

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

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

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

3.4 Payments for financial assets

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

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

3.5 Transfers and subsidies

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

3.6 Unauthorised expenditure

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

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

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

3.7 Fruitless and wasteful expenditure

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

3.8 Irregular expenditure

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

4. Assets

4.1 Cash and cash equivalents

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

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

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

4.2 Other financial assets

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

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

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

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

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

4.5 Investments

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

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

4.6 Loans

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

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

4.7 Inventory

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

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

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

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

Subsequent recognition

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

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

5. Liabilities

5.1 Payables

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

5.2 Contingent liabilities

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

5.3 Contingent assets

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

5.4 Commitments

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

5.5 Accruals

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

5.6 Employee benefits

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

5.7 Lease commitments

Finance lease

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

Operating lease

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

5.8 Impairment and other provisions

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

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

6. Receivables for departmental revenue

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

7. Net Assets

7.1 Capitalisation reserve

Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlining asset is disposed and the related funds are received.

7.2 Recoverable revenue

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

8. Related party transactions

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

9. Key management personnel

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

10. Public private partnerships

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

1. Annual Appropriation

1.1 Annual Appropriation

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

	Final Appropriation 2010/11	Actual Funds Received 2010/11	Funds not requested/ not received 2010/11	Appropriation received 2009/10
	R'000	R'000	R'000	R'000
1. Administration	45,127	45,127		
2. Economic Policy Development	17,101	17,101		
3. Economic planning and Coordination	376,900	376,900		
4. Economic Development and Dialogue	10,712	10,712		
Total	449,840	449,840		

2. Departmental revenue

	Note	2010/11	2009/10
		R'000	R'000
Sales of goods and services other than capital assets	2.1	3	
Fines, penalties and forfeits	2.2	489,337	
Interest, dividends and rent on land	2.3	57,897	
Departmental revenue collected		547,237	

2.1 Sales of goods and services other than capital assets

	2010/11	2009/10
	R'000	R'000
Sales of goods and services produced by the department	3	
Sales by market establishment	2	
Other sales	1	
Sales of scrap, waste and other used current goods	-	
Total	3	

Sales by market establishment relates to revenue received in respect of rental parking.

2.2 Fines, penalties and forfeits

	2010/11	2009/10
	R'000	R'000
Penalties	489,337	
Forfeits	-	
Total	489,337	

Penalties are fines imposed by the Competition Commission, which are deposited via EDD into the National Revenue Fund.

These are some of the penalties and fines imposed:*

	R'000
1. Pioneer Foods	262,385
2. New Reclaim	48,657
3. Marley Pipes	31,078
4. Aveng Africa t/a Duraset	21,900
5. Liberty Group	18,811
6. Safripol	16,474
7. Aveng Manufactures	15,425
8. Food Corp	15,135
9. Masana Petroleum Solutions	13,000
10. Power Metal Recyclers	12,773

*In many instances fines are payable over more than one financial year.

2.3 Interest, dividends and rent on land

	2010/11	2009/10
	R'000	R'000
Interest	7,897	
Dividends (IDC)	50,000	
Total	57,897	

Interest is earned from the Bank
Dividends are received from (IDC)

3. Compensation of employees

3.1 Salaries and Wages

	2010/11	2009/10
	R'000	R'000
Basic salary	16,028	
Performance award	35	
Service Based	122	
Compensative/circumstantial	543	
Other non-pensionable allowances	6,779	
Total	23,507	

Other non-pensionable allowances comprise car allowances, housing allowances, benefits structured as part of salary packages for employees on level 11 and higher, etc.

3.2 Social contributions

	2010/11	2009/10
	R'000	R'000
Employer contributions		
Pension	1,418	
Medical	240	
Bargaining council	2	
Total	1,660	
Total compensation of employees	25,167	
Average number of employees	79	

4. Goods and services

	Note	2010/11	2009/10
		R'000	R'000
Administration fees		112	
Advertising		404	
Assets less than R5,000	4.1	171	
Bursaries (employees)		-	
Catering		461	
Communication		803	
Computer services	4.2	180	
Consultants, contractors and special services	4.3	1,022	
Entertainment		2	
Audit cost-External	4.4	236	

	Note	2010/11	2009/10
		R'000	R'000
Fleet services		69	
Inventory	4.5	1,110	
Operating leases		973	
Owned and leasehold property expenditure	4.6	17	
Travel and subsistence	4.7	7,748	
Venues and facilities		742	
Training and staff development		-	
Other operating expenditure	4.8	663	
Total		14,713	

4.1 Assets less than R5,000

	2010/11	2009/10
	R'000	R'000
Tangible assets		
Machinery and equipment	171	
Total	171	

4.2 Computer services

	2010/11	2009/10
	R'000	R'000
SITA computer services	20	
External computer service providers	160	
Total	180	

4.3 Consultants, contractors and agency/outsourced services

	2010/11	2009/10
	R'000	R'000
Business and advisory services	702	
Contractors	222	
Agency and support/outsourced services	98	
Total	1,022	

4.4 Audit cost – External

	2010/11	2009/10
	R'000	R'000
Regularity audits	236	
Total	236	

4.5 Inventory

	2010/11	2009/10
	R'000	R'000
Other consumable materials	59	
Maintenance material	44	
Stationery and printing	1,007	
Total	1,110	

4.6 Owned and leasehold property expenditure

	2010/11	2009/10
	R'000	R'000
Other	17	
Total	17	

4.7 Travel and subsistence

	2010/11	2009/10
Local	6,138	
Foreign	1,610	
Total	7,748	

4.8 Other operating expenditure

	2010/11	2009/10
	R'000	R'000
Professional bodies, membership and subscription fees	123	
Resettlement costs	200	
Other	340	
Total	663	

5. Transfers and subsidies

		2010/11	2009/10
	Note	R'000	R'000
Departmental agencies and accounts	Annexure 1A	278,461	
Universities and technikons	Annexure 1B	4,820	
Public corporations and private enterprises	Annexure 1C	73,179	
Total		356,460	

6. Expenditure for capital assets

	Note	2010/11 R'000	2009/10 R'000
Tangible assets		4,333	
Machinery and equipment	25	4,333	
Software and other intangible assets		1	
Other intangibles	26	1	
Total		4,334	

6.1 Analysis of funds utilised to acquire capital assets – 2010/11

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	4,333	-	
Machinery and equipment	4,333	-	4,333
Software and other intangible assets	1	-	1
Other intangibles	1	-	1
Total	4,334	-	4,334

7. Cash and cash equivalents

	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General Account	98,394	
Cash on hand	27	
Cash with commercial banks(Local)	20,177	
Total	118,598	

8. Prepayments and advances

	2010/11 R'000	2009/10 R'000
Staff advances	-	
Travel and subsistence	35	
Prepayments	-	
Advances paid to other entities	431	
Total	466	

The amount for advances paid to other entities substantially relates to advance payments to the Department of International Relations and Cooperation (DIRCO) for costs incurred by EDD foreign travel.

9. Receivables

	Note	2010/11				2009/10
		R'000	R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	9.1 Annex 4	125			125	
Recoverable expenditure	9.2	231			231	
Staff debt	9.3	18			18	
Total		374			374	

9.1 Claims recoverable

	2010/11	2009/10
	R'000	R'000
National departments	115	
Provincial departments	10	
Public entities	-	
Private enterprises	-	
Total	125	

9.2 Recoverable Expenditure(disallowance accounts)

	2010/11	2009/10
	R'000	R'000
Salary reversal	1	
Travel Agency	230	
Total	231	

9.3 Staff debt

	2010/11	2009/10
	R'000	R'000
Pension fund overpayment	18	
Total	18	

10. Investments

	2010/11	2009/10
	R'000	R'000
Non-Current		
Shares and other equity		
IDC A Shares – 1,000,000 at cost (100% shareholding)	1,000	
IDC B Shares – 1,391,969,357 at cost (100% shareholding)	1,391,969	
Total	1,392,969	
Total non-current	1,392,969	
Analysis of non current investments		
Additions in Cash	1,392,969	
Closing balance	1,392,969	

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

11. Loans

	2010/11	2009/10
	R'000	R'000
Public corporations	311,281	
Total	311,281	
Analysis of Balance		
New Issues	311,281	
Closing balance	311,281	

The above loan was made to Ernani Investments (Pty) Ltd, a wholly owned subsidiary of the IDC, an agency of EDD. This is an unsecured, interest free loan without a repayment period. Ernani Investments (Pty) Ltd is a special purpose vehicle via which these loans are utilised to provide capital funding to Khula Enterprise Limited, also an agency of EDD, for further on lending to private enterprises. Khula Enterprise Limited is a wholly owned subsidiary of Ernani Investments (Pty) Ltd.

12. Voted funds to be surrendered to the Revenue Fund

	Note	2010/11 R'000	2009/10 R'000
Opening balance		-	
Transfer from statement of financial performance		49,166	
Voted funds not requested/not received	1.1	-	
Paid during the year		-	
Closing balance		49,166	

13. Departmental revenue to be surrendered to the Revenue Fund

	2010/11 R'000	2009/10 R'000
Transfer from statement of financial performance	547,237	
Paid during the year	(476,975)	
Closing balance	70,262	

14. Payables – current

	Note	2010/11 R'000	2009/10 R'000
Clearing accounts	14.1	10	-
Total		10	-

14.1 Clearing accounts

	2010/11 R'000	2009/10 R'000
PAYE	10	
Total	10	

15. Net cash flow available from operating activities

	2010/11	2009/10
	R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance	596,403	
Add back non cash/cash movements not deemed operating activities	(523,471)	
(Increase)/decrease in receivables – current	(374)	
(Increase)/decrease in prepayments and advances	(466)	
Increase/(decrease) in payables – current	10	
Expenditure on capital assets	4,334	
Surrenders to Revenue Fund	(476,975)	
Dividends received (IDC)	(50,000)	
Net cash flow generated by operating activities	72,932	

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

	2010/11	2009/10
	R'000	R'000
Consolidated Paymaster General account	98,394	
Cash on hand	27	
Cash with commercial bank(local)	20,177	
Total	118,598	

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

17. Contingent liabilities

	Note	2010/11	2009/10
		R'000	R'000
Nature of liability			
Other guarantees IDC (foreign)	Annex 3A	739,530	
Claims against the department	Annex 3B	-	
Other departments (interdepartmental unconfirmed balances)	Annex 5	431	
Total		739,961	

18. Commitments

	2010/11	2009/10
	R'000	R'000
Current expenditure	31,885	
Approved and contracted	31,885	
Capital Expenditure	543	
Approved and contracted	543	
Total Commitments	32,428	

19. Accruals

		2010/11	2009/10
		R'000	R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	1,980	35	2,015
Machinery and equipment	-	-	-
Total	1,980	35	2,015

19.1

	2010/11	2009/10
	R'000	R'000
Listed by economic classification		
Listed by programme level		
Programme 1: Administration	1,867	
Programme 2: Economic Policy Development	30	
Programme 3: Economic Planning & Coordination Development	101	
Programme 4: Economic Develop & Dialogue	17	
Total	2,015	

20. Employee benefits

	2010/11	2009/10
	R'000	R'000
Leave entitlement	620	
Thirteenth cheque	262	
Capped leave commitments	71	
Total	953	

Out of the of R620,478.58 , R59,301.85 has already been deducted in respect of negative balance on leave.

This is due to an over grant of leave taken as employees are given full leave credits in January of each year although information in the financial statement are based on the leave accruals as at 31 March 2011.

21. Fruitless and wasteful expenditure

21.1 Reconciliation of fruitless and wasteful expenditure

	2010/11	2009/10
	R'000	R'000
Opening Balance	-	
Add: fruitless and wasteful expenditure – relating to current year	27	
Less: Amounts condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	27	
Analysis of awaiting condonement per economic classification		
Current	27	
Total	27	

21.2 Analysis of current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2010/11 R'000	2009/10 R'000
Official visit to China cancelled	Under investigation	27	
Total		27	

Official visit to China Shanghai was cancelled.

22. Related party transactions

22.1. Revenue received

Revenue received	Note	2010/11 R'000	2009/10 R'000
Fines, penalties and forfeits	2.2	489,337	
Dividends (IDC)	2.3	50,000	
Total		539,337	

Penalties are fines imposed by the Competition Commission, which are deposited via EDD into the National Revenue Fund.

These are some of the penalties and fines imposed:*

	R'000
1. Pioneer Foods	262,385
2. New Reclaim	48,657
3. Marley Pipes	31,078
4. Aveng Africa t/a Duraset	21,900
5. Liberty Group	18,811
6. Safripol	16,474
7. Aveng Manufactures	15,425
8. Food Corp	15,135
9. Masana Petroleum Solutions	13,000
10. Power Metal Recyclers	12,773

Penalties are fines paid by the Competition Commission an entity of EDD, which are deposited via EDD into the National Revenue Fund. EDD has oversight responsibility over the Competition Commission as a Trading entity.

Dividend received from shares/investment with IDC which is also an entity of EDD.

*In many instances fines are payable over more than one financial year.

22.2 Loans

Loans	2010/11	2009/10
	R'000	R'000
Loans to related parties		
Non-interest bearing loans to/(from)	311,281	
Total	311,281	

The above loan was made to Ernani Investments (Pty) Ltd, a wholly owned subsidiary of the IDC, an agency of EDD. This is an unsecured, interest free loan without a repayment period. Ernani Investments (Pty) Ltd is a special purpose vehicle via which these loans are utilised to provide capital funding to Khula, also an agency of EDD, for further lending to private enterprises. Khula is a wholly owned subsidiary of Ernani Investments (Pty) Ltd.

22.3 Guarantees

Guarantees	2010/11	2009/10
	R'000	R'000
Other		
Guarantees issued	739,530	
Total	739,530	

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

EDD has oversight responsibility over the following Public and Trading entities:

South African Micro Apex- Fund
Khula Enterprise
Industrial Development Corporation
Competition Commission
Competition Tribunal
ITAC

23. Key management personnel

	No. of Individuals	2010/11	2009/10
		R'000	R'000
Political office bearers (provide detail below)	3	3,254	
Officials:			
Level 15 to 16	4	3,310	
Level 14	16	6,026	
Total		12,590	

Political office bearers consists of:

- Minister E Patel [Minister from 2009-05-11- Economic Development]
- Deputy Minister E Godongwana [2010-10-01 –Economic Development]
- Deputy Minister GL Mahlangu-Nkabinde [2009-05-11 to 30-09-2010 Economic Development Department]

24. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT			6,583		6,583
Transport assets			2,800	-	2,800
Computer equipment			1,696		1,696
Furniture and office equipment			1,244		1,244
Other machinery and equipment			843		843
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS			6,583		6,583

24.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	4,333	2,250			6,583
Transport assets	1,616	1,184	-	-	2,800
Computer equipment	1,052	644	-	-	1,696
Furniture and office equipment	954	290	-	-	1,244
Other machinery and equipment	711	132	-	-	843
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	4,333	2,250	-	-	6,583

25. MINOR ASSETS

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 March 2011.					
	Specialised military assets	Intangible assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Additions	-		171	-	171
TOTAL			171		171

26. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011					
	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
OTHER INTANGIBLES	-	-	1		1
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	-	-	1	-	1

26.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011					
	Cash	Non-Cash	(Development work-in-progress current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
OTHER INTANGIBLES	1	-	-		1
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	1	-	-	-	1

27. TRANSFER OF FUNCTIONS

The transfer of Assets and Liabilities was from Department of Trade and Industry received in 2010/2011 financial year as per Section 42 of PFMA.

27.1 Statement of financial Position

	Bal per dept 2010/11 AFS before transfer	Functions per dept (transfer/received)	2010/11 Balance after transfer
	2010/11	2010/11	2010/11
	R'000	R'000	R'000
ASSETS			
Non-Current Assets			
Investments		1,392,969	1,392,969
Loans		311,281	311,281
TOTAL ASSETS		1,704,250	1,704,250
NET ASSETS		1,704,250	1,704,250

27.2 Disclosure Notes

	Bal per dept 2010/11 AFS before transfer	Functions per dept (transfer/received)	2010/11 Balance after transfer
	2010/11	2010/11	2010/11
	R'000	R'000	R'000
Intangible Capital Assets		2,250	2,250

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2009/10
	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
International Trade Administration Commission	64,343	-	-	64,343	64,343	100%	
Competition Commission	88,818	-	28,843	117,661	117,661	100%	
South African Micro-Apex Fund	82,082	-	750	82,832	82,832	100%	
Competition Tribunal	13,625	-	-	13,625	13,625	100%	
TOTAL	248,868		29,593	278,461	278,461		

ANNEXURE 1B

STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

UNIVERSITY/ TECHNIKON	TRANSFER ALLOCATION				TRANSFER		2009/10
	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
University of Johannerburg	4,820		4,820	4,820			
TOTAL	4,820	-	4,820	4,820			

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

NAME OF PUBLIC CORPORATION / PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2009/10 Appropriation Act
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Capital R'000	Current R'000	
Public Corporations Transfers									
KHULA Enterprise Finance Ltd	69,729	-	3,450	73,179	73,179	100%	40,000	29,729	
TOTAL	69,729	-	3,450	73,179	73,179	100%	40,000	29,729	

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)	% Held 10/11	% Held 09/10	Number of shares held		Cost of investment		Net Asset value of investment	Profit/(Loss) for the year		Losses guaranteed
				2010/11	2009/10	R'000	R'000		2010/11	2009/10	
Industrial Development Corporation of SA Ltd	Schedule 2	100%		1,392,969,357		1,392,969		1,392,969		50,000	No
Total		100%		1,392,969,357		1,392,969		1,392,969		50,000	

ANNEXURE 2B
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
		2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10		
Controlled entities											
Industrial Development Corporation of SA Ltd	Contribution to growth, Industrial Development and Economic Empowerment through its financial activities	1,392,969		1,392,969		-		-		-	-
Total		1,392,969		1,392,969		-		-		-	-

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – FOREIGN

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	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
European Investment Bank	IDC	965,275	123,842	-	56,054	(8,047)	59,741	83	-
African Investment Bank	IDC	679,245	476,775	-	67,924	(35,266)	373,585	757	-
Nordic Investment Bank	IDC	203,774	45,843	-	13,585	(3,390)	28,868	46	-
KFW	IDC	296,025	303,720	-	19,739	(7,598)	276,383	67	-
		2,144,319	950,180	-	157,302	(54,301)	738,577	953	-

The Guarantee total of R739,530 in note 17 and 22 is made of Closing balance and Interest as at 31 March 2011.

ANNEXURE 4
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Department	R'000		R'000		R'000	
Department of Public Works	-	-	115	-	115	-
Department of Provincial and Local Government	-	-	10	10	10	10
TOTAL	-	-	125	-	125	-

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
DIRCO	-	-	431	-	431	-
Total	-	-	431	-	431	-

ANNEXURE 6

INVENTORY

	Note	Quantity	2010/11
			R'000
Inventory			
Opening balance		-	
Add: Additions/Purchases – Cash		7,125	85
(Less): Issues		(4,076)	(60)
Add/(Less): Adjustments		-	
Closing balance		3,049	25

PART D:

HUMAN RESOURCE MANAGEMENT REPORT





1. HUMAN RESOURCE MANAGEMENT OVERSIGHT REPORT

The statistics and information published in the Human Resources Management part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2002 and have been prescribed by the Minister for the Public Service and Administration for all departments within the Public Service.

Service delivery

The department has not yet developed a service delivery improvement plan.

Expenditure

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

TABLE 2.1 – Personnel costs by programme, 2010/11

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Administration	35331	16846	0	1020	47.7	208
Economic development and dialogue	456	450	0	0	98.9	6
Economic planning and coordination	358527	1368	0	0	0.4	18
Economic policy development	6647	6504	0	0	97.8	87
Total	400961	25167	0	1020	6.3	319

TABLE 2.2 – Personnel costs by salary bands, 2010/11

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	72	0.3	24 000
Highly skilled production (Levels 6-8)	577	2.3	82 429
Highly skilled supervision (Levels 9-12)	1454	5.8	121 167
Senior management (Levels 13-16)	8699	34.6	621 357
Contract (Levels 3-5)	233	0.9	233 000

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Contract (Levels 6-8)	1510	6	215 714
Contract (Levels 9-12)	6309	25.1	252 360
Contract (Levels 13-16)	6313	25.1	631 300
Total	25167	100	318 570

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2010/11

Programme	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
Programme 1	10 347	61.4	4	0	94	0.6	221	1.3
Programme 2	1 798	27.6	2	0	4	0.1	11	0.2
Programme 3	3 108	226.4	0	0	8	0.6	1	0.1
Programme 4	774	172	4	0.9	3	0.7	6	1.3
Total	16 027	63.7	10	0	109	0.4	239	0.9

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2010/11

Salary Bands	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
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0
Skilled (Levels 3-5)	32	43.8	0	0	2	2.7	14	19.2
Highly skilled production (Levels 6-8)	364	64.8	2	0.4	25	4.4	37	6.6
Highly skilled supervision (Levels 9-12)	942	66	4	0.3	10	0.7	23	1.6
Senior management (Levels 13-16)	3435	40.2	0	0	72	0.8	75	0.9
Contract (Levels 3-5)	192	85	0	0	0	0	0	0

Salary Bands	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
Contract (Levels 6-8)	1281	87.1	2	0.1	0	0	0	0
Contract (Levels 9-12)	4227	68.7	2	0	0	0	26	0.4
Contract (Levels 13-16)	5554	82.9	0	0	0	0	64	1
Total	16027	63.7	10	0	109	0.4	239	0.9

Employment and vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department. The vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme, 31 March 2011

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administration	61	53	13.1	3
Economic Planning and Coordination	28	15	46.4	0
Economic Policy Development	22	13	40.9	0
Economic Development and Dialogue	13	9	30.8	1
TOTAL	124	90*	27.4	4

**By 31 March 2011, 75 officials had been appointed and a further 15 had accepted offers of employment from the Department (start date 1 April 2011)*

TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2011

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	0	0	0.0	0
Skilled (Levels 3-5) permanent	7	5	28.6	0

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Highly skilled production (Levels 6-8) permanent	21	16	23.8	1
Highly skilled production (Levels 6-8) contract	5	5	0	0
Highly skilled supervision (Levels 9-12) permanent	14	18	10	3
Highly skilled supervision (Levels 9-12) contract	17	17	0	0
Senior management (Levels 13-16)	49	16	61	0
Senior management (Levels 13-16) contract	11	13	0	0
TOTAL	124	90*	27.4	4

**By 31 March 2011, 75 officials had been appointed and a further 15 had accepted offers of employment from the Department (start date 1 April 2011)*

TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2011

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administrative related	31	24	22.6	1
Financial and related professionals	12	7	41.7	1
Head of department/ Executive management	3	2	33.3	0
Human resources clerks	6	6	0	0
Human resources related	5	5	0	2
Information technology related	2	2	0	0
Secretaries & other keyboard operating clerks	5	3	40	0
Senior managers	21	18	14.3	0
Economist & other related profession	39	23	41	0
TOTAL	124	90*	27.4	4

**By 31 March 2011, 75 officials had been appointed and a further 15 had accepted offers of employment from the Department (start date 1 April 2011)*

Job evaluation

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

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

TABLE 4.1 – Job Evaluation, 1 April 2010 to 31 March 2011

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Skilled (levels 3-5)	7	7	100	0	0	0	0
Highly skilled production (Levels 6-8)	26	11	42.3	0	0	0	0
Highly skilled supervision (Levels 9-12)	31	10	32.3	0	0	0	0
Senior Management Service Band A	25	23	92	0	0	0	0
Senior Management Service Band B	29	42	144.8	0	0	0	0
Senior Management Service Band C	3	4	133.3	0	0	0	0
Senior Management Service Band D	3	0	0.0	0	0	0	0
Total	124	97	78.2	0	0	0	0

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

TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2010 to 31 March 2011

Beneficiaries	African	Asian	Coloured	Total
Female	0	0	0	0
Male	0	0	0	0
Total	0	0	0	0
Employees with a disability				0

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

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2010/ 11	NONE
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Employment changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2). (These “critical occupations” should be the same as those listed in Table 3.3).

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2010 to 31 March 2011

Salary Band	Number of employees per band as on 1 April 2010	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	2	4	2	100.00
Highly skilled production (Levels 6-8)	2	6	1	50.0
Highly skilled supervision (Levels 9-12), Permanent	7	9	2	28.6
Senior Management Service Band A	2	4	1	50.0
Senior Management Service Band B	1	11	1	100.0
Senior Management Service Band C	1	2	2	200.0
Contract (Levels 6-8), Permanent	0	5	0	0.0
Contract (Levels 9-12)	1	15	0	0.0
Contract (Band A)	1	3	0	0.0
Contract (Band B)	1	6	3	300
Contract (Band C)	1	0	1	100
Total	19	65	13	68.4

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2010 to 31 March 2011

Occupation	Number of employees per occupation as on 1 April 2010	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	10	9	4	40
Financial and related professionals	0	4	0	0
Human resources clerks	0	5	0	0

Occupation	Number of employees per occupation as on 1 April 2010	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Human resources related	0	2	0	0
Information technology related	0	2	0	0
Other administrat & related clerks and organisers	1	0	1	100
Secretaries & other keyboard operating clerks	1	4	1	100
Senior managers	5	7	5	100
Head of Department/ Executive Management	2	2	2	100
Economist & other related profession	0	30	0	0
Total	19	65	13	68.4

Table 5.3 identifies the major reasons why staff left the department.

TABLE 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	0	0
Resignation	1	8
Expiry of contract	5	38
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfers to other Public Service Departments	7	54
Other	0	0
Total	13	100
Total number of employees who left as a % of the total employment		16%

TABLE 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2010	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Administrative related	10	1	10	0	0
Financial and related professionals	0	0	0	0	0
Human resources clerks	0	0	0	0	0
Human resources related	0	0	0	0	0

Occupation	Employees as at 1 April 2010	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Information technology related	0	0	0	0	0
Other administrat & related clerks and organisers	1	0	0	0	0
Secretaries & other keyboard operating clerks	1	0	0	0	0
Senior managers	5	0	0	0	0
Head of Department / executive management	2	0	0	0	0
Economist & other related profession	0	0	0	0	0
Total	19	1	5.26	0	0

TABLE 5.5 – Promotions by salary band

Occupation	Employees as at 1 April 2010	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels 3-5)	5	0	0	0	0
Highly skilled production (Levels 6-8)	2	0	0	0	0
Highly skilled supervision (Levels 9-12)	5	1	20	0	0
Senior management (Levels 13-16)	7	0	0	0	0
Total	19	1	5.26	0	0

Employment equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

TABLE 6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2011

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	7	2	1	7	8	1	1	3	30
Professionals	7	0	0	1	9	2	0	2	21

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Technicians and associate professionals	4	1	0	0	5	2	0	0	12
Clerks	7	0	0	0	18	1	1	0	27
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	25	3	1	8	40	6	2	5	90*
Employees with disabilities	0	0	0	0	1	0	0	0	1

**By 31 March 2011, 75 officials had been appointed and a further 15 had accepted offers of employment from the Department (start date 1 April 2011)*

TABLE 6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	1	0	0	0	1	2
Senior Management	7	2	1	6	8	1	1	2	28
Professionally qualified and experienced specialists and mid-management	7	0	0	1	9	2	0	2	21
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	1	0	0	8	2	0	0	17
Semi-skilled and discretionary decision making	5	0	0	0	15	1	1	0	22
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	25	3	1	8	40	6	2	5	90

TABLE 6.3 – Recruitment for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	1	2
Senior Management	6	1	1	4	6	1	0	2	21

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionally qualified and experienced specialists and mid-management	6	0	0	1	6	1	1	1	16
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	1	0	0	4	0	0	0	9
Semi-skilled and discretionary decision making	3	0	0	0	12	1	1	0	17
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	20	2	1	5	28	3	2	4	65
Employees with disabilities					1				1

TABLE 6.4 – Promotions for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	1	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	1	0	0	1
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 6.5 – Terminations for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	1	2
Senior Management	1	0	1	1	0	1	0	1	5

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	1	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	1
Semi-skilled and discretionary decision making	2	0	0	0	1	0	0	0	3
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	5	0	1	1	2	2	0	2	13
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 6.6 – Disciplinary action for the period 1 April 2010 to 31 March 2011

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

TABLE 6.7 – Skills development for the period 1 April 2010 to 31 March 2011

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	1	0	0	0	0	0	0	0	1
Professionals	1	0	0	0	1	0	0	0	2
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	1	0	1
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	2	0	0	0	1	0	1	0	4
Employees with disabilities	0	0	0	0	0	0	0	0	0

Performance rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 6.1), salary bands (table 6.2) and critical occupations (Table 6.3).

TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2010 to 31 March 2011

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Asian	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
White	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Employees with a disability	0	0	0	0	0
Total	0	0	0	0	0

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2010 to 31 March 2011

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employee	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Total	0	0	0	0	0	0

TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2010 to 31 March 2011

Critical Occupations	Beneficiary Profile			Cost		
	N/A	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
0	0	0	0	0	0	0
0	0	0	0	0	0	0
Total	0	0	0	0	0	0

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

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

Foreign workers

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

TABLE 8.1 – Foreign Workers, 1 April 2010 to 31 March 2011, by salary band

Salary Band	1 April 2010		31 March 2011		Change	
	Number	% of total	Number	% of total	Number	% of total
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	1	100	1	100	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	1	100	1	100	0	0

TABLE 8.2 – Foreign Worker, 1 April 2010 to 31 March 2011, by major occupation

Major Occupation	1 April 2010		31 March 2011		Change	
	Number	% of total	Number	% of total	Number	% of total
Professional and managers	1	100	1	100	0	0
Total	1	100	1	100	0	0

Leave utilisation for the period 1 January 2010 to 31 December 2010

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

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

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	17	100	2	14	8.5	7
Highly skilled production (Levels 6-8)	11	100	5	36	2.2	7
Highly skilled supervision (Levels 9-12)	8	100	5	36	1.6	9
Senior management (Levels 13-16)	4	100	2	14	2	9
Total	40	100	14	100	2.9	32

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2010 to 31 December 2010

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

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 9.3 – Annual Leave, 1 January 2010 to 31 December 2010

Salary Bands	Total days taken	Average per employee	Number of employees who took leave
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	0	0	0
Highly skilled production (Levels 6-8)	25	6	4
Highly skilled supervision(Levels 9-12)	25	8	3
Senior management (Levels 13-16)	71	9	8
Contract (Levels 3-5)	14	14	1
Contract (Levels 6-8)	44	6	7
Contract (Levels 9-12)	137	7	20
Contract (Levels 13-16)	58	8	7
Total	374	7	50

TABLE 9.4 – Capped leave, 1 January 2010 to 31 December 2010

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2010
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	0	0	0
Highly skilled production (Levels 6-8)	0	0	0
Highly skilled supervision(Levels 9-12)	0	0	0
Senior management (Levels 13-16)	0	0	0
Total	0	0	0

TABLE 9.5 – Leave payouts for the period 1 April 2010 to 31 March 2011

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

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2010/11 due to non-utilisation of leave for the previous cycle	0	1	0
Capped leave payouts on termination of service for 2010/11	0	0	0
Current leave payout on termination of service for 2010/11	0	3	0
Total	0	4	0

HIV and AIDS & health promotion programmes

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
N/A	N/A

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr Molefe Matsomela, Chief Director: Human Resource Management
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		The department has two staff members within the unit. The unit does not have a dedicated budget for this purpose, however funding is sourced from the budget of the Chief Directorate: Human Resource Management component.
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 department has entered into an MOU with the dti for sharing the services of the clinic within the campus. EAP services will implemented during the next financial year
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	
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		The HIV status of prospective employees is not requested at any stage of the recruitment process
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	
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.		X	
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

Labour relations

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

TABLE 11.1 – Collective agreements, 1 April 2010 to 31 March 2011

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

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	None
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TABLE 11.4 – Grievances lodged for the period 1 April 2010 to 31 March 2011

Total number of grievances lodged	None
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TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2010 to 31 March 2011

Total number of disputes lodged	None
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TABLE 11.6 – Strike actions for the period 1 April 2010 to 31 March 2011

Total number of person working days lost	None
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TABLE 11.7 – Precautionary suspensions for the period 1 April 2010 to 31 March 2011

Number of people suspended	None
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Skills development

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

TABLE 12.1 – Training needs identified 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	0	0	0
	Male	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0		0
Elementary occupations	Female	0	0	0		0
	Male	0	0	0	0	0
Sub Total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		0	0	0	0	0

TABLE 12.1 – Training needs identified 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	1	0	0	0	1
Professionals	Female	1	0	0	0	1
	Male	1	0	0	0	1
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	1	0	0	0	1
	Male	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0		0
Elementary occupations	Female	0	0	0		0
	Male	0	0	0	0	0
Sub Total	Female	2	0	0	0	2
	Male	2	0	0	0	2
Total		4	0	0	0	4

Injury on duty

The following tables provide basic information on injury on duty.

TABLE 13.1 – Injury on duty, 1 April 2010 to 31 March 2011

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

Utilisation of consultants

There were no consultants appointed during the reporting period.

Acronyms

ACF	African Competition Forum
ASISA	Association for Savings and Investment SA
BAC	Bid Adjudication Committee
B-BBEE	Broad Based Black Economic Empowerment
BRICS	Brasil, Russia, India, China, South Africa
BUSA	Business Unity South Africa
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CETA	Construction Education Training Policy
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Company
CLP	Corporate Leniency Policy
COMESA	Common Market for East and Southern Africa
COP 17	The 17th Conference of the Parties of the United Nations Framework Convention on Climate Change
COSATU	Congress of South African Trade Unions
COTII	Council of Trade and Industry Institutions
CSIR	Council for Scientific and Industrial Research
CSP	Construction Settlement Process
CTCIP	Clothing and Textiles Competitiveness Improvement Programme
DAC	Department of Arts and Culture
DAFF	Department of Agriculture, Forestry and Fisheries
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DCoG	Department of Cooperative Governance
DEA	Department of Environmental Affairs
DEDEA	Department of Economic Development and Environmental Affairs
DESA	Department of Economic and Social Affairs
DFI	Development Finance Institutions
DG	Director General
DHET	Department of Higher Education and Training
DIRCO	Department of International Relations and Cooperation
DMR	Department of Mineral Resources
DoE	Department of Energy
DoL	Department of Labour
DPME	Department of Performance Monitoring and Evaluation

DRDLR	Department of Rural Development and Land Reform
DSD	Department of Social Development
DST	Department of Science and Technology
EAC	East African Community
EAP	Economic Advisory Panel
ECF	Employment Creation Fund
ECSECC	Eastern Cape Social-Economic Consultative Council
EDD	Economic Development Department
ENE	Estimates of National Expenditure
ERB	Economic Regulatory Body
ESEC	Economic Sectors and Employment Cluster
EXCO	Executive Committee
FAWU	Food and Allied Workers Union
FI	Financial intermediary
FSC	Financial Services Cooperative
GCR	Global Competition Review
GDP	Gross Domestic Product
GEPF	Government Employees Pension Fund
GIAMA	Government Immovable Asset Management Act
HIV	Human Immune Virus
HOA	Home Owner's Allowance
HR	Human Resources
HRD	Human Resources Development
HSRC	Human Sciences Research Council
ICN	International Competition Network
IDC	Industrial Development Corporation
IDZ	Industrial Development Zone
ILO	International Labour Organisation
IMC	Inter-Ministerial Committee
IPAP2	Industrial Policy Action Plan 2
IPP	Independent Power Producer
IRP	Integrated Resource Plan
IRP2	Integrated Resource Plan 2
IT	Information Technology
ITAC	International Trade Administration Commission
ITC	Trade and Industry Chamber
ISMO	Independent Systems Market Operator
KD	Khula Direct

Khula	Khula Enterprise Finance Limited
KZN	KwaZulu-Natal
LED	Local Economic Development
MEC	Member of Executive Council
MEIBC	Metals and Engineering Industry Bargaining Council
MIDGETT	Mining Industry Growth, Development and Employment Task Team
MinMec	Ministers and MECs meeting
MTEF	Medium Term Expenditure Framework
NAACAM	National Association of Automotive Component and Allied Manufacturers
Naledi	National Labour and Economic Development Institute
NCOP	National Council of Provinces
Nedlac	National Economic Development and Labour Council
NERSA	National Energy Regulator of South Africa
NGP	New Growth Path
NHI	National Health Insurance
NPC	National Planning Commission
NT	National Treasury
NUM	National Union of Mineworkers
NYDA	National Youth Development Agency
NW	North West Province
OCFO	Office of the Chief Financial Officer
ODG	Office of the Director General
OECD	Organisation of Economic Cooperation and Development
ORBEEF	Olifants River Black Economic Empowerment Forum
PBMR	Pebble Bed Modular Reactor
PCC	President's Coordination Council
PFMA	Public Finance Management Act
POA	Plan of Action
PPA	Power Purchase Agreement
PPP	Private Public Partnership
REFIT	Renewable Energy Feed in Tariff
SABC	South African Broadcasting Corporation
SACU	South African Customs Union
SADC	Southern African Development Community
SALGA	South African Local Government Association
SAM	Social Accounting Matrix
samaf	The South African Micro-finance Apex Fund
SANRAL	The South African National Roads Agency Ltd

Seda	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SEF	Small Enterprise Foundation
SKA	Square Kilometer Array
SMEs	Small and Medium-sized Enterprises
SMMES	Small, Medium and Micro-sized Enterprises
SPV	Solar Photo Voltaic
SABS	South African Bureau of Standards
SATS	South African Technical Standards
SOE	State Owned Enterprise
SPLUMB	Spatial Planning and Land Use Management Bill
The dti	the Department of Trade and Industry
TLS	Training Layoff Scheme
UIF	Unemployment Insurance Fund
USA	United States of America
WTO	World Trade Organisation



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