

# ECONOMIC DEVELOPMENT DEPARTMENT

## ANNUAL REPORT

2016/17



**economic  
development**

Economic Development Department  
REPUBLIC OF SOUTH AFRICA





# **ANNUAL REPORT 2016/2017 FINANCIAL YEAR**

ECONOMIC DEVELOPMENT DEPARTMENT - VOTE NO: 25



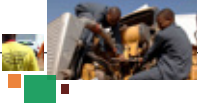
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## **PART A: GENERAL INFORMATION**







## 1. GENERAL INFORMATION

### PRETORIA

**PHYSICAL ADDRESS:**

3rd Floor, Block A  
**the dti** Campus  
77 Meintjies Street  
Sunnyside  
Pretoria  
0002

**POSTAL ADDRESS:**

Private Bag X149  
Pretoria  
0001

**TELEPHONE NUMBER:**

012 394 3747

**FAX NUMBER:**

012 394 0255

**EMAIL ADDRESS:****WEBSITE ADDRESS:**

### CAPE TOWN

**PHYSICAL ADDRESS:**

15th Floor  
120 Plein Street  
Parliament  
Cape Town  
8000

**POSTAL ADDRESS:**

Private Bag X9047  
Cape Town  
8000

**TELEPHONE NUMBER:**

021 466 9807

**FAX NUMBER:**

021 461 0428

[ministry@economic.gov.za](mailto:ministry@economic.gov.za)

[www.economic.gov.za](http://www.economic.gov.za)





## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>AGSA</b>	Auditor-General of South Africa
<b>APDP</b>	Automotive Production and Development Programme
<b>AO</b>	Accounting Officer
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>BRICS</b>	Brazil, Russia, India, China and South Africa
<b>CC</b>	Competition Commission
<b>CFO</b>	Chief Financial Officer
<b>CT</b>	Competition Tribunal
<b>DFIs</b>	Development Finance Institutions
<b>the dti</b>	Department of Trade and Industry
<b>dsbd</b>	Department of Small Business Development
<b>EA</b>	Executive Authority
<b>EU</b>	European Union
<b>GDP</b>	Gross Domestic Product
<b>HOD</b>	Head of Department
<b>IDC</b>	Industrial Development Corporation
<b>ITAC</b>	International Trade Administration Commission of South Africa
<b>MANCO</b>	Management Committee
<b>MEC</b>	Member of the Executive Council
<b>MPAT</b>	Management Performance Assessment Tool
<b>MTBPS</b>	Medium-Term Budget Policy Statement
<b>MTSF</b>	Medium-Term Strategic Framework
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>NDP</b>	National Development Plan
<b>NGP</b>	New Growth Path
<b>PFMA</b>	Public Finance Management Act
<b>PICC</b>	Presidential Infrastructure Coordinating Commission
<b>SARS</b>	South African Revenue Services
<b>SDIP</b>	Service Delivery Improvement Plan
<b>SMMEs</b>	Small, Medium and Micro Enterprises
<b>TR</b>	Treasury Regulations
<b>WCO</b>	World Customs Organisation
<b>WTO</b>	World Trade Organisation



### 3. 2016/17 ECONOMY HIGHLIGHTS

Employment grew by	538 000
Total employment	16 212 000
Growth in women's employment	343 000
Jobs held by women	7 182 000 (44%)
Growth in youth jobs	86 000 (1.4%)
Youth jobs	6 281 000
GDP growth	0.6%
Size of economy (nominal GDP)	R4.3 trillion
Inward Foreign Direct Investment	R33.4 billion
Total Infrastructure Spending	R275 billion
Job growth since NGP (October 2010)	2 564 000
Manufacturing value add	R524 billion
Agriculture value add	R96 billion



## 4. EDD AND AGENCY HIGHLIGHTS FOR 2016/17

PICC-monitored infrastructure projects, March 2017	350
Jobs on PICC projects, March 2017	193 000
IDC funding approvals	R15.3 billion
IDC funding approvals for Black-empowered companies	R10.1 billion
IDC funding approvals to Black Industrialists	R4.7 billion
IDC funding disbursements	R11 billion
IDC funds to youth-empowered enterprises	R2.3 billion
Jobs supported through IDC funding	20 881 (net created and saved)
Penalties imposed by the Competition Authorities	R1.5 billion
Mergers with employment and other public interest conditions imposed by Competition Commission	19
ITAC tariff increases	5
ITAC rebates	2
EDD staff numbers, March 2017	118
Budget spent: EDD, Competition Commission, Competition Tribunal, <b>sefa</b> and ITAC	R665 million
Frontline KPIs achieved	100%



## 5. FOREWORD BY THE MINISTER



**Mr. Ebrahim Patel**

Minister of Economic Development

### 3.1 OVERVIEW AND ECONOMIC PERFORMANCE

2016/17 was a challenging year for the global and domestic economy.

Brazil and Russia were in recession, China's growth continued slowing from historical highs, and both the EU and the United States experienced political and economic uncertainties.

Closer to home, many African economies struggled in the wake of lowered oil prices and other challenges. Nigeria went into recession, Egypt devalued its currency as part of an IMF bail-out package and South African exports to the rest of the continent declined. In 2015, Africa was our main regional export destination by value; in 2016 Asia regained this status.

Global uncertainties and weaker growth prospects, together with waning domestic consumer demand and lower private sector investment, led to very modest growth of 0,6% for the 2016/17 financial year.

Though parts of the country continue to suffer from the drought, agriculture appears to be recovering, with agricultural output increasing by an annualised 22% in the first three months of 2017. Even so, agricultural output remains lower than its 2013 to 2016 values.

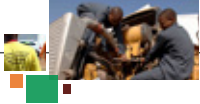
In this difficult environment, 538 000 jobs were created, with total jobs at 16.2 million in March 2017: this was, in fact, the largest percentage increase in total jobs in a single financial year since the global financial crisis. We have stepped up the labour intensity of growth substantially, not only through public sector jobs but also through jobs in transport and construction. 343 000 (or 64 %) of these jobs were for women, supporting gender equity in the economy. I am also glad to note that 145 000 jobs were created in manufacturing this financial year, though this follows job losses in previous years.

But it is not enough. The labour force increased by more than a million, by far the largest increase since the global financial crisis, a trend driven both by our youthful demographics and by decreases in the number of discouraged work-seekers.

As a result, the number of the unemployed increased by 491 000 and the unemployment rate worsened by 1 percentage point to 27.7%. It was particularly disappointing that only 86 000 (16%) of the jobs we created went to those younger than 34.

The economy contracted in the last quarter of the financial year, and a subsequent quarterly contraction (which falls outside this financial year), led to the economy entering a recession. A prolonged recession, or near-recessionary conditions, can reverse many of the jobs and industrial recovery gains made over the period since the adoption of the New Growth Path in 2010.

Against this backdrop, the Department sought to improve the coordination of government economic policy, unblocked public and private projects in order to facilitate investment and job creation, promulgated legislation and provided oversight and guidance aimed at achieving inclusive growth to the competition authorities, the



International Trade Administration Commission (ITAC) of South Africa, the Industrial Development Corporation (IDC) and the Presidential Infrastructure Coordinating Commission (PICC).

### Impact of the work of economic development

*87 187 positive jobs impact*

A total of 61 250 jobs were covered by job-protection commitments or investments directed at saving jobs and an additional 25 937 jobs (minimum) are expected to be created as a result of the transactions involving the IDC, Competition Commission, ITAC and the EDD.

## 3.2 COMPETITION AND TRADE REGULATION

The Department oversees the competition authorities and works with them to enhance their impact on economic transformation, job-creation and industrial development.

2016/17 was a significant year in the competition landscape, with a number of successes.

Two large mergers were completed, that of SABMiller/Coca-Cola and ABInBev/SABMiller. Both mergers raised serious public interest concerns that led, after negotiations, to seminal agreements that included company commitments to protect jobs and support and develop local industry. The ABInBev merger was the largest in South Africa's history and formed part of one of the largest ever global mergers. It created interest and global appreciation for the manner in which public interest criteria are applied here.

Taking all the mergers in 2016/17, a total of 3 932 new jobs were created and a total of 44 655 existing jobs were saved, while only 184 jobs were lost as a direct result of mergers approved by the Competition Commission.

In this year, we raised the bar further with respect to anti-competitive behaviour by criminalising collusion between companies. This was done through promulgating the relevant provisions in the Competition Amendment Act. There can no longer be credible arguments from companies that they are unaware of what constitutes price fixing and other impermissible actions.

The Liquefied Petroleum Gas market inquiry was completed in March 2017 and a report was submitted to me by the Competition Commission. Recommendations in the report are aimed at increasing investment in the sector, providing greater import storage capacity, promoting entry by smaller firms, and increasing household use of LPG as a primary energy source.

Another milestone was the construction settlement that the state signed with the seven major construction companies that were found guilty of collusion on the 2010 World Cup projects. In addition to a competition penalty of R1.4 billion, the agreement includes a R1.5 billion financial contribution over 12 years for engineering bursaries; enterprise development; training,

### Overview

The Economic Development Department played a role in ensuring a co-ordinated infrastructure investment programme and in expanding the levels of development finance in the economy, rallying stakeholders around certain policy and programmes that will have major impact on our economy, as well as ensuring that government responds in an informed and more aligned manner across the three spheres to the challenges of the economy.

A mid-term review of the New Growth Path jobs drivers was completed for Parliament's Portfolio Committee on Economic Development, and the latest data shows that more than 2,4 million new jobs had been created in the period since the adoption of the NGP in 2010.

Key highlights in the work included:

- The innovative and extensive public interest conditions attached to a number of mergers including AB InBev's takeover of SAB Miller, Coca-Cola and Edcon
- The actions in the steel industry including the competition settlement with ArcelorMittal and the repatriation agreement with the seven largest construction companies
- The expansion of investment by the Industrial Development Corporation and the agreement to co-invest in a new auto plant in Nelson Mandela Bay and
- The increased investment in the National Infrastructure Plan, projected at more than R900 billion over the next three years.

Economic transformation was a key theme in 2016 and we made significant strides in opening the economy to new black-owned companies and expanding levels of youth entrepreneurship.

### AB InBev purchase of SABMiller merger conditions

AB InBev's purchase of SAB Miller had the following public interest commitments:

R1 billion to promote new employment outside its core operations, including:

- R610 million facility to support small, emerging farmers through which 800 new farmers will be developed, with total employment gain of 2 600 workers
- Support for entrepreneurship and social programmes in South Africa - turning SA from a net importer to a net exporter of beer inputs
- Retention of the current 6 000 jobs of the workforce for at least five years and providing protection against retrenchment
- Opening up competition by craft brewers through granting them access to 10% of fridge space in taverns
- Developing low-alcohol and no-alcohol choices for the SA market
- Committing to the location of the African headquarters in South Africa.





### Coca-Cola merger conditions

Coca-Cola merged three bottling operations, and after's EDD's engagement included commitments to:

- Retain the current 7 500 jobs for a three-year period and provide for protection against retrenchments for specified categories of staff
- Provide R800 million funding to create new jobs in its value-chains, of which a R400 million facility will support small emerging farmers as well as packaging companies, and a further R400 million is available to support the opening of new spaza shops and retail outlets
- Set aside 20% of the equity in Appletizer and 20% equity in Coca-Cola Beverages Africa for black South Africans
- Open up 10% of the fridge-space in coolers and display cabinets owned or financed by Coca-Cola in 11 148 spaza-shops and small retail outlets, to facilitate access for smaller and rival soft-drink bottlers
- Deepen localisation of its local supply-chain including commitments to retain the production base of Appletizer in South Africa.

Since the merger, 17.5% of Appletizer has been sold to African Pioneer Group (APG) and a black entrepreneur will take up 4% shares to realise a total BEE share of 21.5%.

In 2015 Coca-Cola Beverages South Africa (CCBSA) was sourcing all fruit locally except for grape juice concentrate. Through implementing the agreement to further develop and support local farmers in the Upington Region, and partnering with Orange Rive Cellars, CCBSA has increased its local sourcing of grape juice concentrate from 9% to 43%.

CCBSA is in the process of identifying additional local farmers to develop, in order to meet the target of 80% local sourcing by 2020. This is equivalent, in today's terms, to sourcing approximately 1.8 million litres of Grape Juice Concentrate, which requires 530 ha of planted grapes. Every 2 ha planted has the potential to employ 1 person.

mentorships, artisanal programmes, maths and science at schools and building social infrastructure projects; and agreement on significant empowerment in equity and partnerships.

This past year ArcelorMittal had an administrative penalty of R1.5 billion imposed for anti-competitive practices in the steel market and scrap metal markets. The company also committed to a range of actions that will benefit the industry at a difficult time in its history, including fresh capital spending of R4,6 billion over the next five years, limiting its prices in flat steel markets, and limiting retrenchments.

Turning to trade, South Africa is a relatively open economy, with both exports and imports remaining above 30% of GDP in 2016. Economic growth and job creation require strong export performance as well as the strong presence of local companies in the domestic market.

ITAC's work entails managing a nuanced trade policy that achieves these objectives. In support of these objectives, I issued a policy directive in 2016/17 on factors that ITAC should consider when it evaluates applications for customs duty amendments. The directive will help ensure that amendments to duties that benefit local companies also have a positive impact on South Africa's broader economic goals, such as job creation and retention, increased industrial output, adequate investment and the price at which outputs are sold.

In the past year, ITAC recommended tariff increases on hot-rolled steel including stainless steel, forged and other steel bars and rods, steel wire, fasteners of steel, acrylic sanitary ware, and adhesive bandages. These increases will support the viability of these industries in the face of fierce foreign competition, and enable them to fully use existing production capacity. A number of duty rebates have also been recommended to reduce the cost of production for firms. We are increasingly focusing on commitments that companies, in seeking trade protection, will make to improve their competitiveness and increasing the levels of job creation in the economy.

Two anti-dumping sunset reviews were completed this year, for imports of unframed glass mirrors and for a polyester (PET) with widespread use in plastics. In both cases the Commission recommended that anti-dumping duties be maintained. New sunset review investigations, for unframed glass mirrors from Indonesia and chicken meat portions from the USA, are currently in progress.

Safeguards are short-term measures to remedy serious injury to a Southern African Customs Union (SACU) industry caused by a sudden surge in imports as a result of unforeseen events. This past year, ITAC initiated a safeguard investigation on frozen chicken portions and imposed a provisional measure. A safeguard investigation on hot-rolled steel, initiated during the previous financial year, was completed and a recommendation made to the Minister of Trade and Industry. The Commission also initiated a safeguard investigation on cold-rolled steel. A preliminary determination was made during the year as the investigation continued.



### Impact of the work of economic development

Development funding and fines: R4.8 billion

R4.8 billion was committed by the companies listed below in development spending or penalties (excluding the value of the BEE commitments)

- *Coca-Cola*: R800 million commitment
- *AB Inbev*: R1 billion commitment
- Construction Cartel: R1.5 billion payment (excluding the previous fine of R1.4 billion)
- AMSA: R1.5 billion fine.

## 3.3 INFRASTRUCTURE

The public sector spent R330bn on social and economic infrastructure as well as other capital spending in 2016. This was R20bn more than in 2015. The private sector, however, has lagged, spending virtually the same in 2016 as it did the year before. The public sector now makes up 39% of capital spending, a significant change from 2008, for example, when its share was only around 32%.

South Africans will be glad to hear that we will continue our public infrastructure drive, with spending expected to reach almost a trillion rand over the next three years, as the Minister of Finance announced in last year's MTBPS speech.

Large-scale infrastructural spending, such as we have committed to, has ensured a counter-cyclical impulse in the economy, created short-term jobs and skills transfers on projects as well as long-term jobs through the supply chain, and established essential enabling conditions for future economic growth.

The Department, through the PICC Secretariat and Technical Unit, provides support for the implementation of the National Infrastructure Plan and its 18 Strategic Integrated Projects (SIPs), where more than 350 projects are tracked quarterly on behalf of Cabinet. In 2016/17 these projects sustained more than 190 000 jobs and comprised approximately 60% of the investment in public infrastructure across South Africa. They included the construction of power plants, schools, health clinics, roads, port development, water pipelines and new bus route systems.

## 3.4 INDUSTRIAL FUNDING AND INVESTMENT

In the 2016/17 year, the IDC approved (net) R15.3 billion in 175 transactions and disbursed R11 billion. The funding provided resulted in 18 206 jobs created and 2 675 jobs saved (a total of 20 881 jobs facilitated).

Funding for Black Industrialist amounted to R4.7 billion and funding to youth and women owned businesses amounted to R2.3 billion and R3.2 billion respectively, up 142% and 178% from the previous year.

These numbers aggregate the important stories of citizens whose lives have been improved, workers whose jobs have been saved and young entrepreneurs given an opportunity to channel their energies and talents towards productive purposes. The report contains examples of these.

### Edcon merger conditions

The *Edcon Group* notified the Competition Commission of a merger, to address amongst others, conversion of debt to equity and a transfer of ownership of the company to its creditors. After the Department engaged the *Edcon Group*, the company included commitments to:

- Support the local clothing, footwear and textile industry
- Retain 43 630 current jobs in the company subject to market conditions
- Grow the number of new jobs in its retail and manufacturing operations by 2 000 workers.

EDD has monitored the implementation of commitments. To date *Edcon* has:

- Employed an additional 2 226 people (Edgars 800; Jet 1 232 and Speciality 194)
- Replaced imports with the following locally manufactured items:
  - Footwear - 930 000 units
  - Hosiery - 278 000 units
  - Intimate wear - 109 000 units.

### ArcelorMittal

*ArcelorMittal*, which was fined R1.5 billion by the Competition Tribunal during 2016, was required to:

- Commit to fresh capital spending of R4.6 billion to upgrade its plant and equipment in South Africa
- Curb price increases through limiting its earnings before profit and tax to 10%
- Limit retrenchments in its operations.

Progress since this agreement: *ArcelorMittal* reported that R1 billion has been invested in capital upgrades.



### Construction settlement agreement

Seven construction companies (*Murray & Roberts, Aveng, WBHO, Group Five, Steffanutti Stocks, Raubex and Basil Read*) committed to promote transformation in the construction sector, when they signed an agreement with government in October 2016. This Settlement Agreement has 3 components:

- Financial contributions by the companies of R1.5 billion to development projects in addition to a R1.4 billion penalty for past collusion
- Deep transformation through the sale of equity or providing support for the development of black construction companies that will place many billions of rand in share-value or contracts in the hands of black South Africans
- Integrity commitments by the company CEOs to take all steps to avoid collusion and corruption in their dealings with the state, their competitors and their customers and to partner with government in exposing all forms of corruption and tender irregularities.

This agreement will help to turn a new page of partnership between major players in the industry found guilty of collusion on the one hand, and government and the society at large on the other. Details of the transformation plans have been publicly announced by all of the companies.

Four of the companies have opted to sell equity to black South Africans and three are in discussion or have concluded agreements with emerging construction partner-companies to increase the turnover of these black-owned companies within seven years.

The companies have paid their first tranche of R117 million in terms of the Settlement Agreement into the National Revenue Fund. These monies will be appropriated each year to a Trust to support bursaries for black students studying engineering, quantity surveying and building science; bursaries for black artisans; maths and science education in public schools; social development projects such as rural bridges and schools; building capacity in the state towards public infrastructure; and enterprise development programmes for small, black owned construction firms.

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- Curb price increases through limiting its earnings before profit and tax to 10%
- Limit retrenchments in its operations.

Progress since this agreement:  
*ArcelorMittal* reported that R1 billion has been invested in capital upgrades.

During 2016, the IDC partnered with the Beijing Automotive Industrial Corporation (BAIC) to set up a new R4,3 billion auto-plant in Nelson Mandela Bay that in the first phase will produce up to 50 000 vehicles for the domestic and African market, with planned employment of 2 500 workers during the construction phase and 800 permanent production workers in the plant.

### Impact of the work of economic development

*BEE transaction value facilitated: R19 billion*

- IDC approvals to BEE empowered-companies: R10.1 billion
- BEE component of Coca-Cola merger: R2 billion
- Construction industry: estimated value of transaction over seven years in ownership equity: R5 billion
- AMSA BEE partnership: R1.8 billion.

## 3.5 UNBLOCKING WORK

The Department's mandate includes helping government to implement its economic policies faster and more effectively in order to get the maximum value from public resources.

Our unblocking work can take many forms, but typically it requires engaging with a range of stakeholders to identify the nature of the problem or delay, coming to a solution that enjoys stakeholder support, and implementing it. It has a strong 'hands-on' component. This work not only enhances the impact of policies, but it also helps the Department retain a vivid sense of the developmental challenges and opportunities in our real economy. This in turn strengthens our policies and planned actions going forward.

Often through this work, comparatively small interventions can unlock large gains. This past year, the EDD facilitated, fast-tracked or unblocked 17 investment initiatives.

These efforts resulted in investments taking place that were stalled and saved jobs that would otherwise have been lost. We provide details of this very practical aspect of economic transformation work as an appendix to my foreword and Deputy Minister's statement.

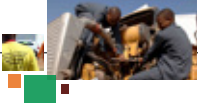
### Impact of the work of economic development

*Opening the market*

More than 11 000 small spaza shops and taverns will be given the right to stock and display products from competitor brewers and soft-drink bottlers, opening the market for beverages in the boldest way yet in SA retail history.

## CONCLUSION

In the course of this financial year we celebrated the twentieth anniversary of our Constitution and took stock of how much of its vision we have achieved. Its preamble reminds us that a key aim of economic development is to "improve the quality of life of all citizens and free the potential of each person."



We are making strides in radically transforming the lives of most South Africans, and we have extended the reach of opportunity so that it is not only an elect few who can participate fully in a modern, prosperous economy. We are, however, also seeing how difficult circumstances can slow down transformation and place the progress we have made to date at risk. We must urgently re-attain our potential rate of economic growth, make it more inclusive and accelerate job creation.

The Economic Development Department will work in all the areas covered by its mandate to make this a reality.

I wish to thank Deputy Minister Masuku who led our work at provincial and municipal level as well as Geoffrey Qhena, Busi Mabuza and the Board and employees of the IDC, Tembinkosi Bonakele and the staff of the Competition Commission, Norman Manoim and the members of the Competition Tribunal, and Siyabulela Tsengiwe and the Commissioners and staff of ITAC, as well as the work of the Acting DGs Simpson and Tom in compiling this report, and the efforts of staff of the Department.

**Mr Ebrahim Patel, MP**

Minister of Economic Development

Date: 31 July 2017

#### Support to the steel sector

During 2016, the EDD and its agencies focused on a range of measures to retain steel manufacturing in South Africa.

A Steel Task Team developed a coordinated set of measures to address the impact of the global glut of steel on the local industry, the past collusive practices and the need to have a secure supply of steel. These included trade, competition and investment measures. A Pricing Committee was also set up with representatives across the value-chain to monitor steel pricing and Arcelor Mittal's adherence to a range of reciprocal commitments it made in relation to tariff support including increased investment, retention of jobs and pricing commitments.

In reality, the sector is quite diverse consisting of a number of sub-sectors such as foundries, fabricators and component manufacturers each with their own sub-industries and market environments. Structural factors such as a lack of fixed investment in modern plant and equipment, under-investment in skills and R&D appear to be common elements in the industry's decline across sub-sectors. The current cyclical downturn characterised by weak export demand and stiff import competition in a domestic environment of rising costs has only served to accelerate the sector's troubles.

To address this, the EDD has established a Downstream Steel Industry Competitiveness Fund to assist qualifying enterprises in the downstream steel sectors to improve their competitiveness. The details of the Fund will be reflected in next year's Annual Report.





## 6. DEPUTY MINISTER STATEMENT



**Mr Madala Masuku**

Deputy Minister of Economic Development

In the last quarter of 2016/17, we slipped into recession as GDP contracted for the second quarter in a row. The risk of sustained low growth in South Africa over the medium-term has become the biggest threat to government's plans to grow the economy and create employment.

Government must urgently and decisively enhance implementation of the Nine-Point Plan across all three spheres of government in order to get the economy out of a low growth trap.

Information on the provincial economies lags national GDP. In 2015, two provinces (Mpumalanga and Free State) saw their economies contract by 0.2%. A further three provinces (Eastern Cape, Northern Cape and KwaZulu Natal) had growth of less than 1%.

This past year, the EDD supported provincial departments in sharpening their Annual Performance Plans (APPs), helping them to identify provincial priorities and strategic projects that will contribute to inclusive growth and employment and ensuring that provincial plans are aligned with the Medium-Term Strategic Framework (MTSF). These engagements also attempted to develop stronger cooperation and coordination between the provincial development agencies, financial institutions and provincial departments, in order to enhance development, management and implementation of projects.

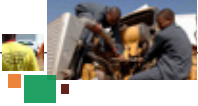
Most of the support to provinces in the financial year 2015/16 was at the level of municipalities. For example, the EDD supported the Steve Tshwete Municipality. The support included, amongst others, the facilitation and the establishment of a Steel and Metal Fabrication Hub. Small, Micro and Medium Enterprises (SMMEs) in the steel industry in this municipality complain about lack of space (land) to expand current initiatives, lack of access to finance and market access. In this financial year, Steve Tshwete Municipality has made available land for the establishment of the hub, through the facilitation of the Economic Development Department.

In Limpopo, we expanded the scope of support to street traders to include, amongst others, education around municipal by-laws, finances and street traders infrastructure. In the Northern Cape, support was provided towards the development of the Spatial Development Framework for the Cape Agulhas Local Municipality.

The EDD also provided support towards the development of economic development plans for the Northern Cape and Limpopo Provinces.

The essential work on implementation of the Youth Employment Accord that started in August 2015 continued in the 2016/17 financial year. In the financial year 2016/17, we spent most of the time interacting with various signatories of the Youth Employment Accord to establish progress in the implementation of the accord over the past four years and its impact, where the indicative signs showed that there was inadequate reporting on the private sector contribution. A young intern was employed and given an opportunity to establish the source of this challenge. A draft report was concluded in 2016/17, and consultation started with stakeholders.





On the other hand, we engaged the private sector around exploring different mechanisms in which Technical Vocational Education and Training (TVET) Colleges, Sector Education and Training Authorities (SETAs) and captains of industry can find common ground and improve responsiveness to the skills needed by industry and the quality of training. These engagements resulted in the signing of a Memorandum Of Understanding (MOU) between Gert Sibande College, the Mpumalanga provincial Economic Development Department and Sasol.

We have also worked with the Youth Chamber of Commerce and Industry towards exploring ways of supporting youth entrepreneurship development; taking advantage of existing empowerment programmes to facilitate entry of young people into the various sectors of the economy. The partnership we have established with the Youth Chamber has proven to be an effective platform to facilitate youth entrepreneurship development. The Department facilitated a business relationship, through the Youth Chamber, that resulted in Ajuri farm at Barberton establishing a direct export link of macadamia nuts. This relationship will benefit and empower black farmers in the province, through direct export of macadamia nuts to the East by black farmers, without going through a middle man.

The Youth Chamber is used as a platform to facilitate the practical implementation of the public sector set-aside programme and participation in private sector incubation and supplier development programmes. vTo this effect, the Chamber has to date developed an electronic database, where people register their companies according to area of specialisation.

This database has to date been recognised by the Mpumalanga Provincial Government, National Treasury and Eskom. The Mbombela Municipality has signed an MOU with the Chamber towards using the database for identification of companies for incubation programmes and participation set asides.

In the coming year, we will focus our attention on doing some more work with provinces and identify a few key sectors with the potential of turning around their economic performance. The EDD will also conclude the report and the review of the Youth Employment Accord. We will continue to work with the Youth Chamber, research and development institutions, the South African Bureau of Standards (SABS) and the TVET Council towards empowerment of the Youth.

I would like to thank the Minister for his continued leadership and staff members within the Economic Development Department and its Agencies who have continued to do commendable work supporting the many efforts towards implementation of the Department's Annual Performance Plan.

**Mr Madala Masuku, MP**

Deputy Minister of Economic Development

Date: 31 July 2017

#### Competition interventions and settlements

During 2016, the Department concluded settlements with *AB InBev*, *CCBA (Coca-Cola Bottling Africa)*, *Edcon*, *Clicks*, *Arcelor Mittal* and seven construction companies. These are major transactions that introduced either new public interest obligations on mergers, provided for funding for developmental projects or supported actions by the competition authorities against collusion in specific industries.

In addition, the EDD facilitated the introduction, from 1 May 2016, of new criminalisation provisions against collusion and cartel conduct in the economy, with stiff jail sentences of up to 10 years.

#### Industrial development and funding

The Industrial Development Corporation last year approved R15.3 billion in new investment, the largest sum in its 76-year history and 6% higher than the preceding year.

This included R4.7 billion in transactions involving 78 black industrialists, so that we broaden participation in the economy.

A sum of R2.3 billion was approved for youth-empowered enterprises, having at least 25% youth ownership, representing 142% increase from the previous year, as part of implementing the Youth Employment Accord.

A sum of R3.2 billion was approved for women-owned enterprises, which is an increase of 178% on the previous year, to tap the enterprise of women to help build the economy.

The IDC is driving new investment and commitments to improve the competitiveness of South African companies, with its initiatives in the past financial year saving and creating 20 881 jobs.

In addition to these outcomes, during 2016, the IDC partnered with the Beijing Automotive Industrial Corporation (BAIC) to set up a new R4.3 billion auto-plant in Nelson Mandela Bay that in the first phase will produce up to 50 000 vehicles for the domestic and African market, with planned employment of 2 500 workers during the construction phase and 800 permanent production workers in the plant.



### Infrastructure development

The Ministry and Department provided the technical backbone for the work of the PICC during 2016. Some of the highlights of this work include the following:

- Supporting the expansion of new infrastructure projects and funding, which is expected to rise by more than R1 trillion over the next three years, from R865 billion in the past MTEF to the new R947 billion announced by the Minister of Finance during the National Budget in February 2017
- Working with National Treasury to develop a financing instrument for all public infrastructure which will require fiscal support
- Technical work to support the development of a new multi-year budgeting and appropriations framework for infrastructure that would allow for better long-term planning, smoother phasing of construction works in a project, and better value-for-money through infrastructure spending
- Currently investing more than R1.2 billion per day in infrastructure.

### PICC work included:

- Identifying new sources of funding for infrastructure, including technical work on the approval of the \$180 million loan by the BRICS New Development Bank for transmission lines
- Setting up a new Infrastructure Project Management Technical Unit, with funding secured from 1 April 2017.

### Education-build completed in the past year includes:

- 82 new and refurbished schools
- 3 693 student beds at universities (excluding private sector)
- 2 new TVET campuses and 2 new universities under construction.

## PROJECTS UNBLOCKED

NO.	MONTH	PROJECT NAME	NATURE OF UNBLOCKING	JOBS
1.	April 16	South 32	South 32 processes manganese in Meyerton. The plant was scheduled to close due to a loss in international orders. The EDD introduced South 32 to Arcelor Mittal (South Africa) which resulted in a deal to supply manganese to their plant in South Africa and the USA, resulting in the protection of 283 jobs.	283
2.	May 16	Colibri Textile	The EDD introduced Colibri textile to Massmart who required a local supply of face towels for their Game Stores. Through the Massmart supplier development program a R2.7 million grant was provided to Colibri to buy 30 industrial sewing machines. The project will be housed in a separate company and will be 66% black and women owned and will create 30 jobs. It is expected that 120 000 to 150 000 face towels will be produced monthly at the facility.	30
3.	June 2016	Broadway Sweets	In 2015, the EDD assisted Broadway Sweets in unblocking their approval of <b>the dti</b> MCEP grant; this was claimed as an unblocking project in July 2015. Since the approval Broadway experienced prolonged delays in getting payment of the approved grant, they then turned to EDD for assistance, who followed up with <b>the dti</b> , payment was finally made on 15 June 2016	-
4.	July 2016	Arivi Paraffin Stoves	The EDD introduced Massmart to an IDC client called Arivi Paraffin, which placed initial orders of the stove for 10 Builders Warehouses stores and 8 Superstores. This stove is safer than normal paraffin stoves which has been a cause for shack fires in many instances	-
5.	August 2016	Broadway Sweets	Due to the recent drought in the sugar producing area, Broadway Sweets received notice from their supplier that they were unable to meet Broadways sugar needs, which would have resulted in Broadway importing sugar for manufacturing.  The EDD, through the Impala Water Users Association, made a request to TSB, a sugar miller to make arrangements to supply Broadway Sweets. This resulted in TSB getting one of their distributors Quality Sugar to supply Broadway domestically, thus ensuring supply from South Africa instead of importing	-



NO.	MONTH	PROJECT NAME	NATURE OF UNBLOCKING	JOBS
6.	September 2016	Karoshhoek Solar One	<p>The IDC has a 20% equity in the multi-billion rand Karoshhoek Solar One project, set up in Emvelo in the Northern Cape to develop a 100 MW Solar Power Plant with energy storage facility in line with the Renewable Energy IPP Procurement Programme (REIPPP)</p> <p>The project will create about 1 000 construction jobs and up to 80 operational jobs with a local content of just less than 50%.</p> <p>The EDD unblocked the lease agreement with the Department of Public Works for a 200sqm piece of land; the project would have been compromised if there were further delays in finalizing the lease agreement.</p> <p>The EDD further unblocked original source documents required from the Department of Rural Development to register at the deeds office</p>	80
7.	September 2016	Sedibeng Water	This was claimed in the last financial year, as we were able to get the water board to change the use of imported ductile pipe to locally produced steel pipe. The contract was awarded to Hall-Longmore which has resulted in 120 workers working from a 3 day week to a 5 day week	48
8.	October 2016	Massmart working for water project	Arranged for the Working for Water project of the Department of Environmental Affairs via San-Park to sell outdoor furniture to Macro that sustained 90 jobs. Initial order was for 350 units of furniture as well as Mulch as a by-product	90
9.	November 2016	PP Excel (Pty) Ltd energy supply	The IDC requested the EDD to fast-track the water supply challenges for PP Excel, as Eskom indicated that they could only do so in 6 months' time in the middle of 2017, which would have resulted in the investment decision being reversed. The EDD put them in touch with Eskom head office and the project was commissioned in early January 2017	-
10.	November 2016	COFCO waste discharge license	EDD liaised with the Lekwa municipality to ensure that COFCO received a waste discharge license from the municipality.	-
11.	December 2016	MPAC water license	MPAC had challenges with a very old WULA application for their factory in the rural area of Piet Retief. The EDD unblocked the challenges which will result in short term investment of R60 million followed by a further investment of R200 million	-

#### Transport logistics and related rolling stock, completed in the past year includes:

- 29 360km of roads across the country were maintenance and 332km of new road capacity was added
- 46km of new bus way lanes were completed in Johannesburg, eThekweni and Cape Town to support the Bus Rapid Transport systems
- 205 new buses were locally manufactured using 80% local content, bringing the total number of buses manufactured to 612 since 2009
- 13 330 new taxis were locally manufactured, bringing the total number of manufactured taxis to 57 910 since 2011
- 100 new wagons were locally manufactured, bringing the total number of manufactured wagons to 16 507 since 2009
- 185 new locomotives were assembled this year bringing the total number of locally assembled locomotives to 770 since 2009
- 303km of rail was refurbished and we are currently completing 68km of new rail between Ermelo and Majuba power station.

#### Human settlements-build and health-build completed in the past year include:

- 89 009 new houses were built bringing the total built since 1994 to 2.6 million
- 35 new clinics were built while 13 clinic and 41 hospitals were upgraded and revitalised.

#### Energy-build completed in the past year includes

- 4 562MW completed which includes a further unit of Medupi providing 794MW, by 3 April 2017, resulting in 2 100MW usable energy, enough to supply electricity to a metro, equivalent to twice the size of Joburg which includes Alexandra and Soweto.
- 585 km of new transmission lines were laid
- 1 957 solar water heaters were installed by Joburg, bringing the total installed SWH to 504 060
- 318 898 households connected to the grid. According to StatsSA's 2016-Community Survey more than 15 million households now have access to electricity.



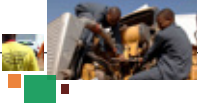
#### Water and sanitation-build completed in the past year includes:

- 15 km of new water pipelines were completed which can deliver 60 million cubic litres of water per annum
- 9 700 toilets were built, contributing towards eradicating the bucket system in formal settlements

#### Communication-build completed in the past year includes:

- Additional "on-air" WiFi spots bringing the total to almost 12 000 across the country
- Increasing smart phone penetration to about 50%
- 24 new MeerKAT antennae were completed bringing the total to 45.

NO.	MONTH	PROJECT NAME	NATURE OF UNBLOCKING	JOBS
12.	December 2016	Le Sel water supply challenges	Le Sel had frequent water supply challenges which was negatively impacting on manufacturing. The EDD officials put them in touch with Jo'burg water and the challenges have been resolved	-
13.	December 2017	Soya farmers	Got black farmers in the Gert Sibande District to plant 2005.8 hectares of soya beans that will be supplied to Noble Resources	150
14.	January 2017	AMSA Highveld Steel	The EDD facilitated an engagement between the BRP of Highveld Steel, IDC and AMSA following which AMSA entered into a contract engagement with Highveld to produce structural steel which will result in import replacement and create approximately 400 jobs	400
15.	January 2016	eThekweni Cheese	The IDC technical investment partner was having difficulty of their work permit, the EDD took the issue up with the dti who liaise with Home Affairs and the challenges were resolved and required documents issued	-
16.	February 2017	AMSA/ Duferco	Duferco were importing much of their HRC (hot rolled coil) requirement as it needed to diversify purchase from AMSA whom they considered as a hostile competitor. Following a series of meetings arranged between the parties, Duferco agreed to buy all of its HRC from AMSA, thus displacing approximately 24 tons of imported HRC per month	-
17.	March 2017	CCBSA Agri fund	Introduced IDC to the Coke agricultural fund which was established as a consequence of the competition settlement. IDC has been awarded the contract to manage the R400 million Agri-fund on behalf of Coke	-



## 7. REPORT OF THE ACCOUNTING OFFICER



**Mr Monde Tom**  
Accounting Officer

*“Increased emphasis was placed on the impact of the work we do, and on identifying and solving problems that impede effective implementation of economic policy”*

### 7.1 Overview of Departmental Performance

The Economic Development Department facilitates better integration of economic initiatives across government and oversees key economic agencies in order to achieve meaningful economic transformation and inclusive growth.

In the past year, increased emphasis was placed on the impact of the work we do, and on identifying and solving problems that impede effective implementation of economic policy. As a result, we successfully delivered a range of ambitious projects, and largely managed to respond to the shocks and unpredictable pressures, the needs and opportunities presented by the South African economy.

Highlights of the Department's performance against the 2016/17 Annual Performance Plan are contained in various sections of this report. I would like to reflect on some areas of achievement in the sections below.

The Department participated in several large mergers with critical public interest issues. Agreements entered into with companies resulted in direct financial benefits of R4.8 billion to the economy, as well as a wide range of social and economic benefits such as enhanced competition, job protection and job creation, SMME development, BEE initiatives, and the development of the agricultural and industrial sectors of the economy.

The Department embarked on the mid-term review of the New Growth Path, which was adopted in October 2010 and placed job creation at the centre of our economic policy. The Review suggested strong job creation performance, despite lower economic growth over the last six and a half years. Gains have been made in unlocking key jobs drivers and the productive sectors.

Recognising the importance of partnerships and the social economy in creating an inclusive, jobs-rich society, we signed a Memorandum of Understanding (MoU) with the Government of Flanders and the International Labour Organisation this year, which will lead to the development of a social economy policy for the country. The policy in turn will help us support jobs and create opportunities in the social economy.

The EDD's coordinating function requires us to work closely with the provinces. This year we facilitated a number of initiatives to support provinces in their economic planning, in order to help ensure these plans are aligned with national priorities, whilst also reflecting





provincial strengths, challenges and aspirations. We also supported concrete local and provincial interventions such measures to support the township economies of the Northern Cape, Mpumalanga and Limpopo.

Other highlights include the development of storage facilities for imported gas in Saldanha, which will help to achieve security of supply for this energy source, and a wide range of unblocking actions which enabled investments to go ahead, including for projects facing challenges in agriculture, such as the planting of 2005 ha of soya by emerging farmers for uptake by Noble Resources.

In this reporting period, the EDD met its performance targets for the 23 key performance indicators (KPI) and delivered the 170 planned products. A total of 98.6% of the budget allocation was spent.

An additional 32 targets were delivered which complement and support KPI achievement, in particular through significant competition work and the infrastructure programme.

Performance against 2016/2017 KPIs is summarised below:

KPI	SO:1		SO:2					SO:3	SO:4						SO:5					SO:6				TOT
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
Target	2	2	4	2	2	2	10	2	60	8	4	30	4	3	12	4	4	4	1	2	2	2	4	170
Achieved	2	2	5	2	2	3	10	2	72	9	5	31	4	3	13	4	4	4	2	2	11	2	8	202
Exceeded	0	0	1	0	0	1	0	0	12	1	1	1	0	0	1	0	0	0	1	0	9	0	4	32

## 7.2 ORGANISATIONAL DEVELOPMENT

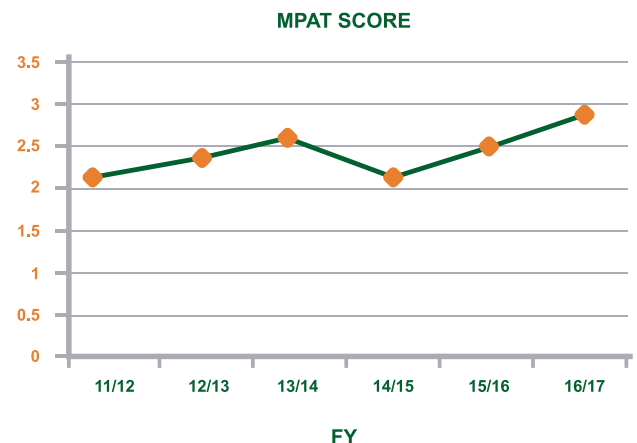
Though fiscal pressures resulted in reduced funding for posts, progress was made this year in aligning the Department's structure more closely with its MTSF responsibilities and with the objectives outlined in the Strategic Plan.

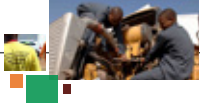
Our revised organisational structure recognises the need for a balance between delivering on stable long-term projects and having the capacity and flexibility to respond to unanticipated economic events as they occur. We are developing a blended model that incorporates permanent and contract positions as well as secondment of employees and the multi-skilling of staff.

The EDD drew on the expertise and research capabilities of the entities reporting to it and additionally used MoUs to attract specialist skills from other agencies and from tertiary institutions such as Wits (University of the Witwatersrand) and the CSIR (Council for Scientific and Industrial Research).

The EDD's governance and accountability structures, reporting mechanisms and oversight functions were strengthened this year. A rigorous process was undertaken to improve evidence-based reporting on predetermined objectives.

The EDD's governance structures met regularly to ensure compliance with legislative prescripts. MPAT scores continue to be monitored and there has been improvement in the average score of 2.55 in 2015/16 to 2.9 in 2016/17. Strategic management, governance and accountability key performance areas noted significant improvement. The EDD recognises the value of this tool as a performance measurement and will continue to use this tool to improve scores in MPAT components.





### 7.3 DEVELOPMENT FINANCE INSTITUTIONS

In the 2016/17 financial year, the IDC approved R15.3 billion in 175 transactions and disbursed R11 billion. The funding provided resulted in 18 206 jobs created and 2 675 jobs saved (a total of 20 881 jobs facilitated).

Funding for Black Industrialist amounted to R4.7 billion and funding to youth and women owned businesses amounted to R2.3 billion, and R3.2 billion, respectively, up 142% and 178% from the previous year.

### 7.4 COMPETITION AUTHORITIES

The Competition Act enjoins the Minister of Economic Development to participate in large mergers in the public interest.

In 2016/17 the Minister participated in six large mergers, with public interest commitments being set in five of them as conditions for merger approval.

<b>SABMiller/ Coca-Cola</b>	The conditional approval of the large merger between Coca-Cola Beverages Africa Limited and various Coca-Cola Bottling and related operations ensured the protection of 7 500 jobs for a three-year period, R400 million facility to support small, emerging farmers and packaging companies. A total of R400 million to support the opening of new spaza shops and retail outlets.
<b>AB InBev/ SABMiller</b>	The large merger whereby AB InBev acquired control of SAB Miller was conditionally approved by the Competition Tribunal. The wide ranging conditions were designed to, inter alia, protect employment (6 000 jobs would be maintained in South Africa for a five year-period), and create jobs (R610 million facility to support small emerging farmers and R390 million to support entrepreneurship and social programmes in South Africa).
<b>Clicks/Netcare</b>	The Minister's participation in the Clicks/Netcare merger resulted in public interests commitments relating to employment, local procurement and pharmaceutical training and development in South Africa.
<b>Parento /Edcon</b>	The merging parties and the Department reached an agreement, made an order by the Competition Tribunal, that 2 000 new staff would be trained and deployed in the merged entity's stores, that South African brands would be procured and the current BEE participation would not be reduced.
<b>Vodacom/Neotel (the merger application was withdrawn by the parties)</b>	Subsequent to a recommendation that structural and public interest conditions be imposed, numerous interveners were admitted to participate in the Tribunal's proceedings. However, the transaction was ultimately abandoned by the parties in March 2016.

The jobs impact of merger participation by the Minister during 2016/17 was significant. As pointed out in his foreword, a total of 3 932 new jobs were created, while 44 655 existing jobs were saved. Only 184 jobs were lost as a direct result of mergers approved by the Competition Commission.

Legislative changes were made this past year by promulgating sections 12 and 13 of the Competition Amendment Act, 2009 that criminalise collusion by companies.

The Liquefied Petroleum Gas (LPG) market inquiry was completed in March 2017 and recommendations were submitted to the Minister which aim to increase investment in the sector, provide greater import storage capacity, promote entry by smaller firms, and increase household use of LPG as a primary energy source.

Another milestone was the construction settlement that the state signed with the seven major construction companies who were found guilty of collusion during the 2010 Soccer World Cup. The agreement includes a R1.5-billion contribution over 12 years for engineering bursaries, enterprise development, training, mentorships, artisanal programmes, maths and science at schools and building social infrastructure.

Additionally, the Competition Commission levied penalties of nearly R1.6 billion during the financial year.

The capacity of the Competition Authorities was strengthened by the appointment of a permanent Deputy Commissioner, Mr H Ratshisusu, at the Competition Commission, a Deputy Chairperson and full-time member to the Tribunal, Mr E Daniels, and a part-time member to the Tribunal, Prof M H Cheadle.



The Department was also instrumental in obtaining additional funding from the National Treasury for the Competition Commission in order to build its internal capacity.

## 7.5 TRADE AUTHORITIES

The EDD continued to perform oversight of ITAC's work in relation to its implementation of the International Trade Administration (ITA) Act. During the year, ITAC undertook a number of investigations in relation to tariffs as well as trade remedies. These are reported in more detail later in this Annual Report.

ITAC amended a number of trade regulations and issued a total of 20 reports resulting from its investigations into tariffs, anti-dumping duties and safeguarding regulations in the period under review. These were intended to promote economic development and improve regulation in the administration of import and export control.

## 7.6 EDD BUDGET

The EDD revenue collected in the 2016/17 financial year amounted to R137 million from dividends, fines and penalties on the Construction Cartel Settlement

Agreement, collected by the PICC. The table below reflects the breakdown of the Departmental receipts.

### 7.6.1 DEPARTMENTAL RECEIPTS

Penalties collected by the Competition Commission are no longer reflected in the Annual Financial Statements of the EDD, which is in line with the reporting requirements of the Office of the Accountant General.

In the 2016/17 financial year, the Commission collected R248.2 million in penalties, and R247.9 million was transferred to the National Revenue Fund via the EDD. An amount of R117 million has been received directly by the EDD from the companies which are part of the Construction Cartel Settlement Agreement and transferred to National Revenue Fund as revenue.

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

### Departmental receipts

Departmental receipts	2016/2017			2015/2016		
	Estimate	Actual amount collected	(Over)/Under collection	Estimate	Actual amount collected	(Over)/Under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	20	30	(10)	51	35	16
Fines, penalties and forfeits	-	117 000	(117 000)			
Interest, dividends and rent on land	50 150	20 259	29 891	50 049	50 278	(229)
Financial transactions in assets and liabilities	47	47	-	20	(17)	37
<b>Total</b>	<b>50 217</b>	<b>137 336</b>	<b>(87 119)</b>	<b>50 120</b>	<b>50 296</b>	<b>(176)</b>

### 7.6.2 DEPARTMENTAL EXPENDITURE PER PROGRAMME

#### Programme Expenditure 2016/2017

The budget allocation for 2016/17 financial year was R674.7 million against which the expenditure was R665.1 million, i.e. 98.6% of the budget. The spending pattern should be considered in the context of the Departmental cost drivers, which comprises mainly transfer payments. Approximately 78% (R529 million) of the expenditure consisted of transfers to the Departmental agencies. The remaining funds were utilised for operational expenses. All EDD transfer payments are disbursed via Programme 3: Investment, Competition and Trade.

The total under spending for the Department amounts to R9.578 million or 1.4% of the voted budget for the 2016/17 financial year. No requests for roll overs were made for the 2016/17 financial year.

The table below reflects the Department's expenditure against the programmes.

Programme Name	2016/2017			2015/2016		
	Final appropriation	Actual expenditure	(Over)/ Under expenditure	Final appropriation	Actual expenditure	(Over)/ Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	92 431	90 416	2 015	83 223	83 144	79
Growth Path and Social Dialogue	29 887	27 797	2 090	27 889	26 705	1 184
Investment, Competition and Trade	552 343	546 869	5 474	774 666	773 884	782
<b>Total</b>	<b>674 661</b>	<b>665 083</b>	<b>9 578</b>	<b>885 778</b>	<b>883 733</b>	<b>2 045</b>

### 7.6.3 VIREMENTS

Virements of R12.5 million were approved by the National Treasury required to reallocate funds to the public interest clauses in mergers. All entities that received transfer payments complied with section 38 of the Public Finance Management Act (PFMA).

Virements from programmes	Virements to programmes	Virements Amounts (R'000)	Reason
Investment, Competition and Trade.	Administration	9 106	Funds shifted for legal fees
Investment, Competition and Trade.	Administration	255	Funds shifted to purchase computer server
Growth Path and Social Dialogue	Administration	3 151	Funds shifted for legal fees
<b>Total</b>		<b>12 512</b>	

### 7.6.4 UNAUTHORISED EXPENDITURE

The Department did not incur any unauthorised expenditure for 2016/2017 financial year.

### 7.6.5 GIFTS AND DONATIONS

Gifts and donations received in kind:

Organization	Gifts or Donation
Travel With Flair (PTY) LTD	80 desk calendars

### 7.6.6 EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

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

### 7.6.7 EVENTS AFTER THE REPORTING DATE

No events took place after the reporting date of 31 March 2017 that would impact on the financial position of the EDD.

### 7.7 FUTURE PLANS

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

### 7.8 CONCLUSION

The Minister, Deputy Minister, entities reporting to the Ministry, Strategic Integrated Projects (SIPs) coordinators, cluster members and all the staff of the EDD are acknowledged for their continuous and dedicated commitment and collaboration. Lastly, I would like to take this opportunity to thank my predecessor, Mr Malcolm Simpson, for the crucial role he has played in leading the Department as acting Director- General during the period under review.



**Mr Monde Tom**  
Accounting Officer  
Economic Development Department  
Date: 31 July 2017



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

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

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

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

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

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

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

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

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

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2017.

Yours faithfully

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**Mr Monde Tom**  
Accounting Officer  
Economic Development Department  
Date: 31 July 2017



## 9. STRATEGIC OVERVIEW

### 9.1 VISION

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

### 9.2 MISSION

The Economic Development Department (EDD) aims to:

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

### 9.3 VALUES

The EDD promotes the Constitution, with special reference to the chapters on human rights, cooperative governance and public administration.

The EDD upholds the following values:

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

## 10. LEGISLATIVE AND OTHER MANDATES

The EDD was established in 2009 when the state conducted a macro-reorganisation of state institutions under Schedule 1 of the Public Service Act of 1994 (as amended by the Public Service Amendment Act 30 of 2007).

**The EDD administers the following legislation:**

- The Industrial Development Corporation Act, 1940, (Act No. 22 of 1940)
- The Competition Act, 1998, (Act No. 89 of 1998)
- The Competition Amendment Act, 2009, promulgated 1 April 2013 (Act No. 1 of 2009)

- The International Trade Administration Act, 2002, (Act No. 71 of 2002)
- From 2014, the EDD also had responsibilities under the Infrastructure Development Act No. 23 of 2014.

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

- State of the Nation Address
- National Development Plan
- New Growth Path
- National Infrastructure Plan
- Industrial Policy Action Plan
- Agriculture Policy Action Plan
- Medium-Term Strategic Framework 2014 - 2019
- Delivery Agreement on Outcome 4: Decent employment through inclusive economic growth
- Delivery Agreement on Outcome 5: Skilled and capable workforce to support inclusive growth
- Delivery Agreement on Outcome 6: Efficient, competitive and responsive infrastructure
- Delivery Agreement on Outcome 7: Vibrant, equitable, sustainable rural communities,
- Framework for South Africa's Response to the International Economic Crisis (2010).

**Accords that the Department facilitated and monitors:**

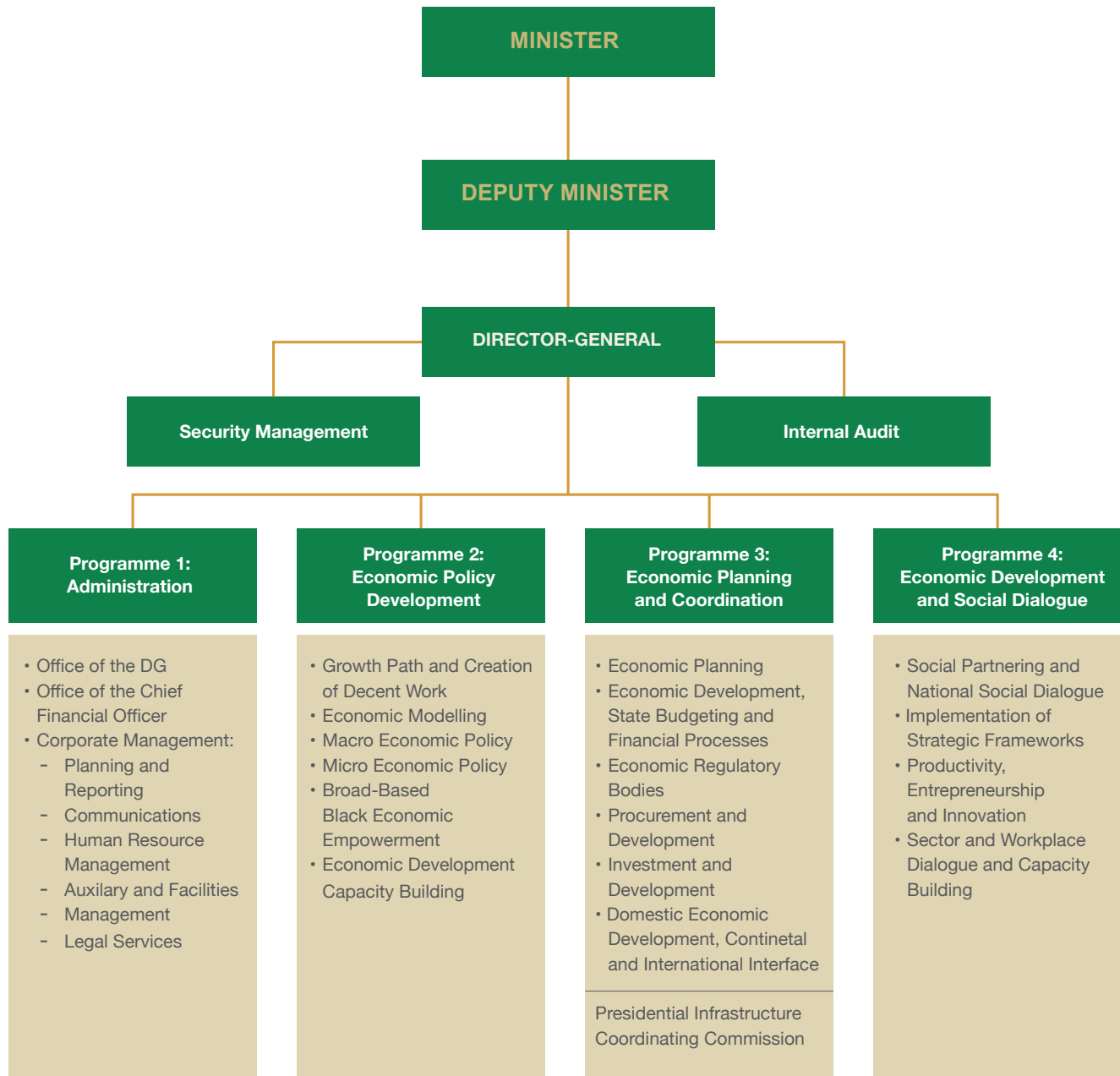
- Basic Education Accord
- National Skills Accord
- Local Procurement Accord
- Green Economy Accord
- October 2012 Social Accord, and
- Youth Employment Accord.

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

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



## 11. ORGANISATIONAL STRUCTURE



The reporting within the Department is managed through the budget structure, which has three programmes.

The above is the approved 2009 organisational structure. The 2016/17 Annual Performance Plan was designed according to the budget structure, therefore, the EDD is reporting against the approved APP budget structure. Configuration of the budget structure is as follows:

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

## 12. ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that reported to the Minister in the 2016/17 financial year.

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



## PART B: PERFORMANCE INFORMATION









# 1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 90 of the Report of the Auditor-General, published as Part E: Financial Information.

The audit outcome on performance information of the Department was unqualified.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 SERVICE DELIVERY ENVIRONMENT

The commitment to radical economic change so as to bring about more inclusive economic growth shapes the EDD's commitments for the current five-year governing period. These commitments are captured especially in Outcome 4 (inclusive growth) and Outcome 6 (economic infrastructure) of the Medium Term Strategic Framework (MTSF).

In effect, the MTSF has become the implementation framework for the National Development Plan and its core operational plans, the New Growth Path, the National Infrastructure Plan and the Industrial Policy Action Plan (IPAP). In this context, the EDD is charged with supporting alignment across the state to drive achievement of the targets set out in the MTSF.

The environment for achieving these aims is largely shaped by developments nationally and globally.

South Africa experienced a considerable degree of economic recovery over the five years since the 2008/9 global financial crisis. Employment and investment regained lost ground, even though economic growth internationally showed renewed instability and domestic growth slowed toward the end of the period. A second major pressure arose from lengthy workplace conflict, especially in mining. That in turn was rooted,

in part, in the deep levels of socio-economic inequality entrenched in work organisation as well as in the economy as a whole.

A further contributor was the rising cost of electricity, largely because of the need to expand generating capacity, introduce renewable energy sources, and maintain some higher-cost generation capacity so as to avoid energy shortages. In this context, the on-going implementation of the National Infrastructure Plan, driven by the Presidential Infrastructure Coordinating Commission (PICC), represented a central tool in building a more efficient and inclusive economy. The MTSF provides an important platform for similarly strengthening responsiveness and policy coherence around the other jobs drivers identified in the New Growth Path.

The work of the Economic Development Department centres on the following:

- Facilitating collaboration between state agencies around inclusive growth and job creation, including targeted interventions to unblock major public and private investments
- Providing secretariat and technical support to the PICC as required by the Infrastructure Development Act
- Supporting social dialogue and monitoring implementation of commitments under social accords
- Overseeing and strengthening the Industrial Development Corporation's (IDC's) work to support job creation, deepen industrialisation and grow the economy, and
- Overseeing the competition authorities and the International Trade Administration Commission of South Africa (ITAC) and working with them to ensure that their work promotes the public interest and inclusive growth.

The past five years saw the largest public investment in South African history, reflecting the effectiveness of the PICC in promoting the national build programme. In this context, the EDD actively monitors 18 Strategic Integrated Projects (SIPs), each of which contains a number of major projects. The EDD also managed the drafting of the Infrastructure Development Act (2014) and supported parliamentary processes in this regard.

The EDD oversees the IDC, the competition authorities and ITAC. All of these agencies have achieved substantial improvements in their developmental impact and scale. In the coming years, we aim to support them in realising greater gains.

The IDC has succeeded in directing its investments increasingly into innovative projects that deepen industrialisation and support economic transformation.

The competition authorities have continued to pursue a strategic approach aimed at ending collusive behaviour in important sectors and at strengthening respect for public interest requirements in mergers and acquisitions. The EDD will continue working with ITAC to integrate its work with broader sectoral industrial strategies. In this way, trade interventions will contribute increasingly to sustainable growth and diversification.

The Department also facilitated the signing of major accords with stakeholders in NEDLAC. These accords will assist in implementing the New Growth Path (NGP) and ultimately achieving the goals of the National

Development Plan (NDP). The monitoring of the accords will be maintained and strengthened.

Work on the unblocking of public and private investment opportunities assisted in the realisation of major projects, including around soya processing and taxi assembly. These efforts will also be intensified so as to enhance inclusive growth and job creation.

## 2.2 SERVICE DELIVERY IMPROVEMENT PLAN

The EDD has completed a SDIP (Service Delivery Improvement Plan) which has been submitted to the Department of Public Service and Administration for the 2015/2016 - 2017/2018 periods. The SDIP is a continuous work in progress. The tables below highlight the service delivery plan and the achievement during the year under review.

### Main services and standards

Main services	Beneficiaries	Current/ actual standard of service	Desired standard of service	Actual achievement
Provide support to provincial economic development departments to align their plans to the MTSP	Provincial economic development departments	Review of provincial Annual Performance Plans (APPs) with a view to have them aligned to the MTSP	Alignment of provincial APPs to the 2015/16 – 2019/20 Medium Term Strategic Framework	The APPs of Mpumalanga, North West and Limpopo provinces were reviewed and assessed for alignment with the MTSP
Improve and monitor industrial funding targets for identified jobs drivers and for township economies	Private sector, township economy and small business workers	Research on township enterprises to measure the impact of sefa, IDC and NEF (National Empowerment Fund) funding	Create awareness and accessibility of funding from Development Finance Institutions (DFIs)	EDD hosted SMME and Co-ops funding Indaba/ Road shows in Atlantis and Saldanha, Western Cape, and Peiterskraal in Mpumalanga. The funding / indaba road show brought DFIs, such as sefa, IDC, NEF to rural and township entrepreneurs to facilitate access to funding
Engagements to support the strengthening of economic regulators	Competition Commission, Competition Tribunal, ITAC, business and labour users	Analysis of APP, strategic plans, evaluation of the Annual Reports and quarterly performance reports. Amendments to regulations	Implementation of the governance framework	The governance framework is being implemented and there is continuous monitoring and evaluation of the entities



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

Current/ actual arrangements	Desired arrangements	Actual achievements
Engagements with stakeholders	Ministers, MECs and Legislatures	Engagements with provinces through MinMec and Technical MinMec  Some economic development plans were reviewed
	Economic cluster	The acting Director-General attended the Economic Cluster meetings, while the Minister attended the Inter-Ministerial Committee meetings
	Social dialogue	Engagements at Nedlac: Ministerial participation in the Committee of Principals which had oversight of the Wage Inequality and Labour Relations Task Teams and finalised the negotiations once the Task Teams had done their work.
	Public engagements	Engagements through the leadership of the Minister and Deputy Minister, involved public meetings; road-shows; conferences and community visits

### Service delivery information tool

Current/ actual information tools	Desired information tools	Actual achievements
The website	Captured information related to the Department on the internet and intranet	Information intended for internal and external stakeholders is updated and posted on to the intranet and internet
Brochures	Developed brochures for use by potential beneficiaries/ stakeholders	Social accords have been distributed to stakeholders at various events.

### Complaints mechanism

Current/ actual complaints mechanism	Desired complaints mechanism	Actual achievements
Telephonic, electronic and personal interfaces	Complaints management system on the Departmental website with email addresses and other contact details	The Department has a dedicated email address on the website for stakeholders to lodge complaints. This is in addition to a list of telephone contacts and a fax number, which also appear on the website.  Incoming calls are received by the Communications Unit, which handles or directs callers with complaints to Ministry. All electronic complaints are directed to Ministry through a dedicated email address. Once received, these complaints are then distributed to relevant units for action or follow up.

## 2.3 ORGANISATIONAL ENVIRONMENT

The EDD was established on 7 July 2009, in terms of the Public Service Act, 1994 (Proclamation 103 of 1994), following President Zuma's creation of the new portfolio on Economic Development on 10 May 2009, and the appointment of Mr Ebrahim Patel as Minister.

The EDD aims to support decent work and stronger economic growth and reduce inequality. As a relatively new Department, the EDD is still undergoing organisational development in a number of ways.

During the 2016/17 financial year, the EDD had three budget programmes and 133 posts.

For the same period, 118 posts on the establishment, with one additional post, were filled.

In the period ahead, the Department will work to achieve its strategic objectives within the reduced budget for staff costs.



## 2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

During the 2016/2017 year, there were significant changes in the Competition Act.

### Promulgation of Competition Act Criminalisation Provisions

The Department's competition related work over the previous five years has focused on cartels and the abuse of dominance, mergers and acquisitions (with a specific focus on public interest and market enquiries). The work on cartels and abuse of dominance has provided clarity to the market on what collusion entails and what acts fall within prohibited practices.

While substantial work has been done, it was the Minister's view that further action could be taken to tackle cartels and abuse of market dominance, – a key reason being that they result in high prices, disadvantaging ordinary citizens and decreasing economic efficiency.

The partial commencement of section 12 of the Competition Amendment Act (promulgated 22 April 2016) and the commencement of section 13 (promulgated 9 June 2016) makes it a criminal offence for directors or managers of a firm to collude with their competitors to fix prices, divide markets among themselves, or collude in tenders or acquiesce in collusion. If they do so, they expose themselves to jail time if convicted.

### Policy Directive on matters ITAC shall consider in evaluating applications for amendment of customs duties

The International Trade Administration Act seeks to foster economic growth and development in order to raise incomes and promote investment and employment. In order to help realise the objectives of the Act, the Minister issued a trade policy directive in April 2016.

The trade policy directive requires the Commission, in appropriate cases, to consult parties on the following, before making a recommendation:

- The desirability of an applicant making a commitment regarding raising incomes, promotion of investment or the promotion of employment, if the proposed measure is implemented
- What commitments, if any, the applicant has made in that regard

- The likely impact of the commitments on incomes, investment and employment.

ITAC is also directed to consider, where applicable, commitments and their impact on local market share, jobs, industrial output, pricing of outputs, and economic investment.

### Amendments to the Automotive Production and Development Programme (APDP) Regulations

The Automotive Production and Development Programme (APDP) is a voluntary incentive scheme for the domestic automotive sector. It aims to promote increased production volumes in the motor vehicle assembly industry, stimulate higher value add in the automotive component manufacturing industry and create additional employment across the automotive value chain. ITAC administers the APDP policy on behalf of **the dti**, given that ITAC uses trade instruments such as rebates.

During the year under review, it became clear that some vehicle manufacturers were not able to meet the APDP minimum vehicle production requirement of 50 000 units per annum. At the request of **the dti** and after considering a range of factors, the EDD Minister amended section 12 of the APDP Regulations, reducing the minimum annual plant volume threshold for participating in the APDP to 10 000 units per year. The EDD published the amended Regulations in the Government Gazette on 26 August 2016. These amendments will enable further investment by new vehicle assemblers.

### Amendments to the Import Control Regulations

The World Customs Organisation (WCO) adjusts tariff lines on a five yearly basis to ensure that trade classification among countries is properly harmonised e.g. goods are classified under the same codes and new tariff codes are introduced where needed.

Once the WCO has made changes to tariffs or classifications, SARS then aligns the country's tariff codes.

South Africa has a number of goods under ITAC import control for health and safety, security, economic and other reasons. In order to ensure that goods under ITAC import control remain under import control, even when classifications are changed with the WCO adjustments, the Minister of Economic Development approved that changes be made to the ITAC Import Control Regulations.



On 2 December 2016 the Deputy Minister of Finance published the amendments introduced by the WCO to Schedule 1 of the Customs and Excise Act 91 of 1964 (as amended).

### 3. STRATEGIC OUTCOME ORIENTED GOALS

The work of the Economic Development Department (EDD) is directed at facilitating better integration of economic initiatives across government and providing oversight to specified public institutions to enable meaningful economic transformation and inclusive growth.

## 4. PERFORMANCE INFORMATION BY PROGRAMME

### 4.1 PROGRAMME 1: ADMINISTRATION

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

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

**Sub-programmes;**

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

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

Programme 1 (Administration) aims to support the Departments Strategic Objective 1 – providing strategic guidance to the Department, and technical and administrative support to the Ministry and Department in order to achieve its other strategic objectives. In order to plan for this and execute it effectively, Programme 1 focused on providing strategic leadership, management and support services to the Department. Sub-programmes were located in the Ministry, the office of the Director General, Corporate Management Services and Financial Management.

The Administration Programme, for the 2016/17 financial year, had two performance indicators and four products aimed at ensuring that the Department achieves an unqualified audit opinion and measuring improvement in support services to the Ministry and the Department.

The Department received an Unqualified Audit Opinion for the 2015/2016 financial year. Audit findings were (and still are with current findings) included in a “Heat Map” for resolution and implementation. Repeat

audit findings reduced by 80% (10 to 2) in 2015/2016 compared to previous financial year. The “Heat Map” was reviewed fortnightly to monitor progress made in addressing the Auditor-General’s (AG’s) findings; and the meetings are led and chaired by the office of the Chief Financial Officer (CFO). The Internal Audit Unit also conducted follow-up audits on the implementation of corrective actions from the AG 2015/16 audit.

As part of measuring improvement in support services to Strategic Objectives 2, 3, 4, 5 & 6 and the Ministry, an internal customer satisfaction survey was conducted, results analysed and improvement plans developed.

#### ACHIEVEMENTS ON PERFORMANCE INDICATORS

The three tables below highlight the performance achievements on the Strategic Objective for Programme 1. It also provides audited performance achievements on key performance indicators (KPIs) for the periods 2013/14 to 2015/16. This serves as comparative data for performance achievements for the period under review, 2016/17.



## Strategic Objectives

PROGRAMME 1: ADMINISTRATION					
Strategic Objectives	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/2017	Comment on deviations
<b>Strategic Objective 1:</b> Provide strategic guidance to the Department, and technical and administrative support to the ministry and the Department to achieve strategic objectives 2, 3, 4, 5 and 6	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	-	-

## Audited Actual Achievements for 2013/2014 to 2015/2016

PROGRAMME 1: ADMINISTRATION			
Performance indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016
<b>KPI1:</b> Unqualified audit report	New KPI	New KPI	1
<b>KPI 2:</b> Measure improvement in support services to Strategic Objectives 2, 3, 4, 5 and 6 and the Ministry, as quantified by users	New KPI	New KPI	1

## 2016/2017 Performance achievements verified by AGSA

PROGRAMME 1: ADMINISTRATION					
Performance indicator	Planned target 2016/17	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement 2016/2017	Comment on deviations
<b>KPI 1:</b> Unqualified audit report	Unqualified audit report	1	1	0	-
		Respond to AG queries on audit 2015/16	Responded to AG requests and audit findings		
		1	1	0	-
<b>KPI 2:</b> Measure improvement in support services to Strategic Objectives 2, 3, 4, 5 and 6 and the Ministry, as quantified by users	Numerical target to be set on customer satisfaction	Auditor-General report 2015/16 with reduced number of repeat audit findings.	Repeat audit findings were reduced compared to previous financial year		
		1	1	0	-
		Implementation of measures approved by the EA	Implementation of measures		
		1	1	0	-
		Implementation of measures approved by the EA	Implementation of measures		

There were no deviations from planned targets.



## Strategy to overcome areas of under performance

There were no under-achievements in this programme for the year under review.

## Changes to planned targets

There were no in-year changes to planned targets and indicators for the period under review. The EDD implemented its 2016/17 APP as tabled in Parliament.

## Linking performance with budgets

From the Departmental adjusted budget of **R92.4 million**, total expenditure for **Administration** for the year 2016/17, **R90.4 million or 97.8%** of the programme budget was spent.

## Sub-programme expenditure

Sub- programme name	2016/2017			2015/2016		
	Final appropriation	Actual expenditure	(Over)/Under expenditure	Final appropriation	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	20 061	18 355	1 706	20 162	20 160	2
Office of the Director-General	11 129	11 037	92	14 579	14 578	1
Corporate Management Services	48 346	48 285	61	36 618	36 618	-
Financial Management	12 895	12 739	156	11 864	11 788	76
<b>Total</b>	<b>92 431</b>	<b>90 416</b>	<b>2 015</b>	<b>83 223</b>	<b>83 144</b>	<b>79</b>

## 4.2 PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE

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

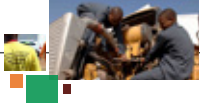
**Strategic Objective 2:** Coordinate jobs drivers and implementation of the New Growth Path economic strategy in support of the National Development Plan.

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

### Sub-programmes:

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

Strategic Objectives 2 and 3 aim to support implementation of the New Growth Path (NGP) and National Development Plan (NDP) with a specific focus on coordinating jobs drivers, implementing the NGP in support of the NDP, facilitating social dialogue and implementing social accords. In order to achieve these Strategic Objectives, Programme 2 (Growth Path and Social Dialogue) has six Key Performance Indicators and 22 products including KPI's related to the NGP, supporting social dialogue and the accords, facilitating economic development and access to employment and support for provincial initiatives. The programme's purpose is to strengthen government's economic development capacity; review, develop and propose the alignment of economic policies; and develop policies aimed at broadening participation in the economy and creating decent work opportunities.



Key areas of its work included:

- Providing support for the New Growth Path's jobs drivers through initiatives such as providing support to the agriculture and agro-processing value chain in the soya growing and soya meal and oil production industry
- Coordinating and aligning economic development through, for example, the work with the Presidency and other departments to promote more effective industrial relations and develop a National Minimum Wage; participation in the Industrial Policy Action Plan (IPAP) and the ESEID (Economic Sector, Employment and Infrastructure Development) Cluster and working with stakeholders in provinces to promote youth development and entrepreneurship
- Facilitating increased access to funding and entrepreneurship opportunities – especially for township economies
- Promoting inclusive growth through, for example, evaluating youth employment and promoting implementation of the Youth Accord; implementation of spatial, local and provincial initiatives to promote employment, empowerment and development; work on the social economy; and providing strategic support for the jobs drivers
- Supporting provincial development through numerous engagements with provinces, acting as Secretariat for technical MinMEC and MinMEC, providing input to provinces to assist in alignment of their APPs to national economic policy and facilitating initiatives in provinces that promote economic development.

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

The EDD continues to drive implementation of initiatives to stimulate inclusive growth, job creation and reduction in inequality. A first area of work undertaken during the year to highlight under this programme includes a review and implementation of the New Growth Path. The review of the New Growth Path, adopted in 2010, indicated that the economy created 2.6 million new jobs by March 2017, where there was a total employment of 16.2 million. The review noted that the labour intensity of growth improved: jobs grew faster than the economy as a whole, with employment growth of 1,5% for each 1% of GDP growth.

Implementation of the New Growth Path was pursued through a number of avenues – from the Minister meeting with a range of investors, industry forums and rating agencies; to the Department hosting workshops with trade unions, regulators, and as well as a regional

conference with informal traders. Work to support investment and save or create jobs covered a wide range of sectors including clothing and textiles, agriculture and agro-processing, tourism, metals and engineering, infrastructure, the auto-sector, gas pipelines, the film industry and telecommunications.

Work on the agriculture and agro-processing value chain, as one example of work done on the job drivers, included a number of practical interventions – the EDD assisted black soya farmers to access land and secure a market for soya. Following the EDD's intervention, 2 005 ha of farm land was planted with soya in Gert Sibande District by black farmers.

In addition, the EDD assisted a number of other players in agriculture and agro-processing sector through the unblocking of a water use licence application (WULA), an intervention to help secure agricultural land, engagement with labour leaders, funding, and securing large commitments from mergers to support farmer development (more is provided on this in a later section).

The EDD, in collaboration with the Government of Flanders and the International Labour Organisation, signed a Memorandum of Understanding (MoU), to work together to enhance the social economy in South Africa. The project aims to finalise a draft White paper in order to:

- Increase employment in the Social Economy
- Increase the number of social enterprises
- Ensure policy choices informed by knowledge, research and available evidence.

Project implementation begins in the 2017/2018 year.

The EDD has increased its work on provincial and local development, through providing support in aligning provincial economic development plans with national planning frameworks and policy, and undertaking a range of direct interventions to promote economic development. Both the Minister and Deputy Minister have engaged directly at a grass root level.

An example of the Deputy Minister's work at a local level is his work in Mpumalanga where he led a new initiative call "adopt-a-TVET". Here he worked with TVET colleges, SETAs and captains of industry in the province to find common ground, develop linkages, and improve responsiveness and quality of training with TVETs and companies to promote youth development. Results of engagements include the signing of an MoU which aims to produce high quality skills and facilitate the absorption of TVET college graduates into the industry through formalised apprenticeships and leaderships.



The Department also continued its contribution to the work of government in developing economic policy and building the economy. Work includes, for example, its contribution into the IPAP, Outcome 4 and Outcome 6, ESEID, the IMC, the Presidential Working Group on Youth to name only a few areas.

## ACHIEVEMENTS ON PERFORMANCE INDICATORS

The three tables below highlight the performance achievements on the Strategic Objectives for Programme 2. It also provides audited performance achievements on key performance indicators (KPIs) for the periods 2013/14 to 2015/16. This serves as comparative data for performance achievements for the period under review, 2016/2017.

### Strategic Objectives

PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE					
Strategic objectives	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/2017	Comment on deviations
<b>Strategic Objective 2:</b> Coordinate jobs drivers and implementation of the New Growth Path economic strategy in support of the National Development Plan	2 Initiatives to coordinate and support agriculture and agro processing and mining and beneficiation jobs drivers  5 Initiatives including 2 impact assessments and  3 initiatives on jobs and economic development  12 initiatives to support youth development, the green economy and spatial, local and provincial development.	2 jobs drivers' implementation coordinated and supported  4 initiatives on jobs and economic development  14 initiatives on the green economy, black women and youth, and spatial, local and provincial development	2 jobs drivers' implementation coordinated and supported  5 initiatives on jobs and economic development  14 initiatives on the green economy, black women and youth, and spatial, local and provincial development	+1	Net over achievement on Strategic Objective. Reasons can be found in specific KPIs for the year in table below.
<b>Strategic Objective 3:</b> Facilitate social dialogue and implementation of social accords	3 initiatives on industrial relations, social accords and localisation compliance	2 initiatives on industrial relations, social accords and social partner institution-building	2 initiatives on industrial relations, social accords and social partner institution-building	-	-

### Audited Actual Achievements for 2013/2014 to 2015/2016

PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE			
Performance indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016
<b>KPI 3:</b> Number of reports and reviews on NGP framework, integration into economic policy and infrastructure programmes; and public policy advocacy on jobs and inclusive growth	5	6	5
<b>KPI 4:</b> Number of strategic support provided for the implementation of jobs drivers of the NGP	5	4	10
<b>KPI 5:</b> Number of initiatives to support the green economy and the implementation of the green economy accord	6	2	3

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

Performance indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016
<b>KPI 6:</b> Number of interventions/ reports on black women and youth with access to employment and entrepreneurship opportunities	3	4	4
<b>KPI 7:</b> Number of spatial, local and provincial initiatives supported to promote socio-economic development	3	6	9
<b>KPI 8:</b> Number of developmental and support programmes for more effective industrial relations and support for implementation of social accords	4	4	4

**2016/2017 Performance Achievements Verified by AGSA**
**PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE**

Performance indicator	Planned target 2016/17	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement 2016/2017	Comment on deviations
<b>KPI 3:</b> Number of reports and reviews on NGP framework, integration into economic policy and infrastructure programmes, and public policy advocacy on jobs and inclusive growth	4	2	3	+1	Minister responded to invitations that could not be planned for, and set meetings in relation to changing economic conditions
	1 Conference	Report on initiatives on jobs and economic development and/ or public policy advocacy	1 Report on initiatives on jobs and public policy advocacy		
	2 Reports		1 Report on initiatives on jobs and economic development: Report on NGP Review		
	1 Bulletin		Reports on public policy advocacy by Minister to promote investment, employment and economic development		
		1	1	0	-
		Economic Development Conference	Economic Development Conference		
		1	1	0	-
		Economic Indicators Bulletin on jobs drivers	Economic Indicators Bulletin		




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

Performance indicator	Planned target 2016/17	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement 2016/2017	Comment on deviations
<b>KPI 4:</b> Number of strategic support provided for the implementation of jobs drivers of the NGP	2  2 Initiatives  Coordinate and support implementation of selected jobs drivers focused on two of the following: <ul style="list-style-type: none"> <li>• Agriculture and agro-processing</li> <li>• Mining and beneficiation</li> <li>• Social economy</li> <li>• African regional integration</li> <li>• Tourism</li> <li>• Infrastructure (feasibility guidelines)</li> </ul>	2  2 Initiatives  Coordinate and support implementation of selected jobs drivers focused on two of the following: <ul style="list-style-type: none"> <li>• Agriculture and agro-processing</li> <li>• Mining and beneficiation</li> <li>• Social economy</li> <li>• African regional integration</li> <li>• Tourism</li> <li>• Infrastructure (feasibility guidelines)</li> </ul>	2  2 initiatives to support the implementation and coordination of the following jobs drivers:  1. Agriculture and agro processing  2. Mining and beneficiation	0	-
<b>KPI 5:</b> Number of initiatives to support the green economy and the implementation of the green economy accord	2  2 initiatives  Support local production and/or diffusion of green technologies	1  Implement or report on initiatives in the Green Economy Accord	1  1 report on support for green economy accord and opportunities for local production	0	-
		1  Implement or report on initiatives in the Green Economy Accord	1  1 report on initiative the Green Economy Accord	0	-
<b>KPI 6:</b> Number of interventions/ reports on black women and youth with access to employment and entrepreneurship opportunities	1  1 initiative to empower black women and/or youth	1  1 initiative to empower black women and/or youth	3  3 initiatives to empower youth	+2	Deputy Minister did additional work with youth on entrepreneurship, an unplanned opportunity to work with IDC on its Youth Conference arose
	1  Cab memo: Evaluation of progress on the Youth Employment Accord	1  Cab memo: Evaluation of progress on the Youth Employment Accord	0	-1	The Cabinet Memorandum on the implementation of the Youth Employment Accord was drafted but not tabled in Cabinet during this reporting period


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

Performance indicator	Planned target 2016/17	Planned target 2016/17	Actual achievement 2016/17	Deviation from planned target to actual achievement 2016/2017	Comment on deviations
<b>KPI 7:</b> Number of spatial, local and provincial initiatives supported to promote socio-economic development	10 10 initiatives  Spatial, local and provincial initiatives supported	3	4	+1	Additional work conducted
		Initiatives to support development of provincial economic development plans	4 initiatives to support the development of provincial economic development plans		
		1	2	+1	Additional work conducted
		Initiative to support alignment of provincial APPS with MTSF	2 initiatives to support alignment of provincial APPS with MTSF		
		1	0	-1	Project did not reach completion in the period
		Initiative to support integration of investment with a spatial initiative			
		2	1	-1	1 MinMec held
		Meetings  Secretariat and technical support for MinMEC	Meetings - Secretariat and technical support for MinMEC		
		1	1	0	-
		Initiative to ensure impact of industrial funding in a province/ region	Report on impact of funding on provinces		
		1	1	0	-
		Initiative to support interventions to improve social and economic conditions in mining regions	Initiative to support interventions to improve social and economic conditions in mining regions		
		1	1	0	-
		Support local government initiative to green the economy and/ or promote youth employment	Support for a local government initiative to green the economy		
<b>KPI 8:</b> Number of developmental and support programmes for more effective industrial relations and support for implementation of social accords	2 2 initiatives  Initiatives in industrial relations, social accords or social partner institution building	2 2 Initiatives	2  1 initiative in support for more effective industrial relations  1 initiative to support implementation of social accords	0	-

Reasons for deviations are provided on the table above on the deviations column.



## Strategy to overcome areas of under performance

While net KPI achievement was positive because there was over-achievement of products, there was under-achievement of 3 specific products. Details are provided in the table above. The strategy to address areas of under-performance includes improving management oversight.

## Changes to planned targets

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

## Linking performance with budgets

Expenditure for Programme 2 amounted to R27.8 million or 93.0% of the adjusted programme budget of R29.9 million.

## Sub-programme expenditure

	2016/2017			2015/2016		
Sub-Programme name	Final appropriation	Actual expenditure	(Over)/Under expenditure	Final appropriation	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Growth Path and Creation of Decent Work	20 483	19 715	768	17 826	16 801	1 025
Economic Policy	9 404	8 082	1 322	10 063	9 904	159
<b>Total</b>	<b>29 887</b>	<b>27 797</b>	<b>2 090</b>	<b>27 889</b>	<b>26 705</b>	<b>1 184</b>

## 4.3 PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE

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

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

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

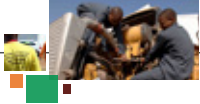
**Strategic Objective 6:** Promote competition, trade and economic regulation in support of job creation, industrialisations and social inclusion.

### Sub-programme:

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

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

Programme 3 “Investment, Competition and Trade” has 15 Key Performance Indicators and 144 products and is aligned with MTSF Outcomes 4, 5, and 6. Its purpose is to promote economic planning and coordination through developing economic planning proposals and providing oversight and policy coordination of identified Development Finance Institutions (DFIs) and Economic Regulatory Bodies (ERBs).



## Strategic Objective 4

The Minister of Economic Development heads the Secretariat of the PICC, which was established to coordinate and oversee the implementation of government's infrastructure plan. Infrastructure development is critical for economic development and the attainment of higher growth rates. In South Africa, it is a central mode for reversing the historical legacies of under and skewed development and thus for promoting inclusion.

The PICC monitors and coordinates the National Infrastructure Plan comprising 18 Strategic Integrated Projects (SIPs), where more than 350 current projects under construction are tracked quarterly. These projects sustain more than 190 000 jobs and comprise approximately 60% of the investment in public infrastructure across South Africa. They include power plants, schools, hospitals, roads, port development, water pipelines and new bus route systems.

The PICC Technical Unit provides support to the Secretariat for the implementation of the National Infrastructure Plan. In this past year work has included:

- Fast tracking and facilitating the unblocking of nine infrastructure projects forming part of the National Infrastructure Plan
- Compiling 72 Cabinet-level progress reports on the Strategic Integrated Projects (SIPs)
- Facilitating 31 PICC Council, Management Committee and Secretariat meetings, as well as reports into Cabinet *Makgotlas* and monthly SIP forums.
- Implementing SIP 5 Cabinet decisions including, areas of work to strengthening state capacity, project management and improved funding mechanisms to support infrastructure development
- Coordinating SIP 5 which is the Saldanha-Northern Cape Development Corridor. A Steering Committee, which serves as a multi-stakeholder forum was established in accordance with the Infrastructure Development Act and four engagements and site visits were completed in the year as well as an Imbizo in Saldanha and an SMME workshop to improve access to funding and business development support
- Fast tracking and monitoring 20 projects identified by Cabinet, as the new project pipeline which focuses on energy, higher education, health, transport logistics and water projects. A total of 10 six-weekly progress reports were received, to track progress made to accelerate construction start dates on these projects

- Tracking progress on the implementation of legislative amendments and non-legislative improvement to combat the negative impact which cable and metal theft has on infrastructure and service delivery. This work included inspections at port and the extension of powers of Officers of the Peace and other law enforcement agencies
- Facilitating and supporting new projects to be presented to the BRICS New Development Bank.

## Strategic Objective 5

The Department promotes investment, industrial funding and entrepreneurship for jobs and inclusive growth. In 2016/17, the EDD prepared an evaluative report on the IDC's funding and turnaround times as well as a baseline report on current levels of industrial funding.

The Minister engaged regularly with the IDC's management and board in order to give input on its policies and provide strategic guidance towards further impact and efficiency gains. The Minister attended the public release of the IDC's annual report and provided advice to the board of the IDC on its Corporate Plan.

In the 2016/17 year, the IDC approved R15.3 billion in 175 transactions and disbursed R11 billion. The funding provided resulted in 18 206 jobs created and 2 675 jobs saved (a total of 20 881 jobs facilitated). Funding for Black Industrialist amounted to R4.7 billion and funding to youth-and-women owned businesses amounted to R2.3 billion and R3.2 billion, respectively, up 142% and 178% from the previous year. Some of the projects funded by the IDC are highlighted below:

### Maneli Pets

Maneli Pets is a black youth-owned pet treat manufacturer, and the first South African pet treat company to secure access to the United States market.

Maneli Pets is a business initiative of the Maneli Group, a newly established agro-processing holding company, with initiatives aimed at exploring other business ventures.

The company is being established to produce ostrich- and venison-based treats for dogs, branded under the label Roam, to be sold in retail stores in the United States. The treats will be sold in over 100 regional pet speciality chain stores in high-end suburban areas across the country.



The funding secured from the IDC to establish a processing facility in Sebenza, Johannesburg, will create 39 jobs, and with the company sourcing its raw materials from the Karoo and Limpopo, it will also assist in the development of rural areas.

Maneli Pets has developed a strong relationship with its suppliers, which began in 2015 when the company was initially producing trial samples for the US market. An exclusive supply agreement was concluded as a result of this relationship.

In addition to the funding supplied by the IDC, Maneli Pets also received grant funding through the dti's Black Industrialist Scheme.

### **Oiltanking MOGS Saldanha**

The IDC is partnering in a project with oil company oil company Oiltanking MOGS Saldanha (OTMS) to fund the construction of the first phase of an open access commercial crude oil blending and storage terminal adjacent to the Port of Saldanha in the Western Cape.

OTMS was formed by a German-based company, Oiltanking GmbH, and a B-BBEE company, MOGS, which was formed in 2007 and which focuses on providing various products and services to the mining, oil and gas services industries in South Africa, rest of Africa and the Middle East. It is 51% owned by Royal Bafokeng Holdings and 49% by the PIC.

The OTMS project is a new entrant into the local crude oil storage industry. The IDC is providing a plant and equipment loan for the first construction phase, which includes building eight crude oil storage tanks with a capacity of 1.1 million barrels each, and the full infrastructure for Phase 2, which includes building an additional four storage tanks.

The project will create 70 permanent jobs as well as 650 annualised construction jobs. Additional benefits include use of local cement and steel and using skilled labour from a talent pool created by previously IDC funded projects.

Saldanha Bay is a deep sea port which allows very large crude carriers to transfer crude oil. Infrastructure at the port is currently underutilised making it an ideal location for the trans-shipment of crude oil.

Funding from international DFIs, including the German Investment Corporation (DEG), a subsidiary of German Development Bank KfW Group and Netherlands Development Finance Company (FMO) is being leveraged. The project will create 720 jobs.

### **Wagienience**

As part of IDC's focus on promoting young entrepreneurs, it funded Water, Hygiene and Convenience (WHC) trading as Wagienience, a 100% black youth-owned company founded by technopreneur, Paseka Lesolang.

Wagienience, based in Gauteng, developed a unique patented product, the WHC Leak-less Valve™. This is a water-control mechanism that is placed in toilet cisterns to stop the influx of water at a pre-determined level, thereby reducing water loss due to outlet valve leaks. This technology is patented in South Africa, and has the potential to become a low-cost industry standard with significant positive environmental impact.

The IDC supported Wagienience by providing funding that has enabled the company to execute client orders, pilot projects with municipalities, wholesalers and public-private partnership, as well as private sector CSI projects that target water savings. In addition, the IDC assisted the company in formulating a strategy to commercialise and promote this locally-designed, patented and manufactured product.

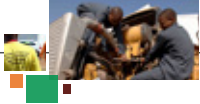
The company has significant job-creation and export potential and the business is well underway in establishing itself as a manufacturing entity for its own products. The installation of its product throughout South Africa can create many additional jobs in installation and has for now created 11 direct jobs.

### **EDD Unblocking Actions**

The EDD, through its unblocking support function, facilitated, fast-tracked and/or unblocked 17 investment initiatives over the reporting period. Some of the unblocking support provided includes:

- Securing orders for South 32 manganese plant in Meyerton which prevented the closure of the plant and saved 283 jobs
- Unblocking the conclusion of a lease agreement with the Department of Public Works for a 200 square meter piece of land and further unblocking the tracing of original documents from the Department of Rural Development and Land Reform for the registration of the lease for the Koroshoek Solar One project to develop a 100 MW Solar Power Plant in the Northern Cape
- Arranging for the Working for Water project via San-Park to sell 350 units of outdoor furniture to Makro
- Unblocking a Water User License application for MPAC for their plant in Piet Retief which was





outstanding for a number of years. The issuing of the license resulted in plant upgrades of R60 million;

- Initiating a project together with the Provincial Government of Mpumalanga to get small black farmers to plant soya-beans on 2 005 hectares of land in order to supply Noble Resources;
- Facilitating an engagement between the Business Rescue Practitioner of Highveld Steel, IDC and AMSA for Highveld to toll-treat structural steel for AMSA. The initiative will result in the creation of approximately 400 jobs at the Highveld plant as well as import replacement, and
- Facilitating engagement between Duferco and AMSA where it was agreed that Duferco will buy Hot Rolled Coils (HRC) from AMSA instead of importing.

### Strategic Objective 6

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

On 11 October 2016, the state signed a Construction Settlement Agreement with the seven major construction companies, who were found guilty of collusion during the 2010 World Cup. Each Chief Executive also signed an integrity compact which states publicly that they will conduct business in South Africa in accordance with sound, ethical and legal practices and specifically that it shall not partake in any collusive or corrupt activities.

The Agreement is transforming the construction sector through ownership, management and social delivery for black South Africans. The agreement includes a R1.5-billion contribution to be received over 12 years, with the first tranche of R117 million already in the National Revenue Fund to be applied by the Tirisano Development Fund, into engineering bursaries, funding and enterprise development, training, mentorships, artisanal programmes, maths and science at schools and building social infrastructure projects.

The Agreement is also expected to have positive impacts on the implementation of government's infrastructure plans.

In the past year, ministerial engagements with regulators to provide strategic guidance and oversight to the Economic Regulatory Bodies (ERBs), were held. Provisions in the Competition Amendment Act, 2009 (Act No. 1 of 2009) that criminalise collusion by companies were promulgated during the year.

Market inquiries into Private Healthcare and Grocery Retail Sector are on-going and should be concluded in the 2017/18 financial year. The Liquefied Petroleum Gas Market Inquiry was finalised by the Commission at the end of the 2016/17 financial year. It was handed over to the Minister on 24 April 2017 and was tabled in Parliament on 30 May 2017.

In mergers in which the Minister of Economic Development participated, there were a number of public interest concerns that were raised and settlements reached, examples of these includes:

### ABInBev

- Employment levels at merger closing will be maintained for five years and no worker within the bargaining unit will be involuntarily retrenched as a result of the merger
- The merging parties will establish a R1 billion fund of which R610 million will be used to support small emerging farmers' supply of hops and barley and R390 million will be allocated to support social and entrepreneurship programmes
- A total of 10% of cooler space in taverns will be made available for craft beer competitors' products, and
- ABInBev will focus on localising the production of hops and barley with the goal of turning South Africa from a net importer to a net exporter of these products.
- The Africa head quarters will be located in South Africa.

### Coca-Cola (CCBSA)

- Employment levels will be maintained for three years and no worker within the bargaining unit will be retrenched as a result of the merger. Outside the bargaining unit, merger-specific retrenchments will be limited to a maximum of 250 senior staff
- An amount of R800 million will be spent to promote new employment outside CCBSA core operations, through a R400 million facility to support small, emerging farmers as well as packaging companies and a further R400 million to support the opening of new spaza shops and retail outlets
- A total of 10% of cooler space will be made available in Coca-Cola sponsored fridges at spaza shops of under 20 square meters and where there are no other coolers
- Appletiser in South Africa will remain the key production centre for sale locally and to the rest of Africa, and
- A total of 20% of Appletiser's equity will be sold to black South Africans who will be actively involved in the business.



- Coca-Cola will increase its BEE equity from 11% to 20%
- The company Head Office for Coca-Cola Beverages Africa will be in South Africa.

The Clicks merger as well as the Edcon merger resulted in commitments made to maintain and increase employment levels as well as to commit to training and an increase to the localisation of procurement. The R1.5 billion fine imposed on AMSA for cartel behaviour also resulted in an agreement to monitor AMSA prices by **the dti** and the EDD in order to ensure that AMSA

does not abuse the tariff protection approved for the steel sector.

### ACHIEVEMENTS ON PERFORMANCE INDICATORS

The three tables below highlight the performance achievements on the Strategic Objectives for Programme 3. It also provides audited performance achievements on key performance indicators (KPIs) for the periods 2013/14 to 2015/16. This serves as comparative data for performance achievements for the period under review, 2016/2017.

### Strategic Objectives

PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE					
Strategic objectives	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/2017	Comment on deviations
<b>Strategic Objective 4:</b> Coordinate infrastructure development and strengthen its positive impact on the economy and citizens	4 SIP 5 Chair, Coordinator and/or Steering Committee meetings facilitated	4 SIP 5 Chair, Coordinator and/or steering committee meetings facilitated	4 SIP 5 Chair, Coordinator and/or Steering Committee Meetings facilitated	+1	Unblockings are performed on a project basis. The work performed in the year is based on escalation and identified challenge, making it difficult to adequately forecast performance.
	2 initiatives to support local procurement of goods and services	3 initiatives to support local procurement of goods and services	3 initiatives to support local procurement of goods and services		
	8 obstacles unblocked in infrastructure as identified by PICC	8 obstacles unblocked in infrastructure as identified by PICC	9 obstacles unblocked in infrastructure as identified by PICC		
<b>Strategic Objective 5:</b> Promote investment, industrial funding and entrepreneurship for jobs and inclusive growth	5 strategic engagements with DFIs	4 strategic engagements with IDC	4 strategic engagements with IDC	+1	Demand driven, especially unblocking. The demand for support and unblocking surpassed anticipation and projection in this reporting period.
	10 investment initiatives unblocked	12 investment initiatives facilitated unblocked	13 investment initiatives facilitated unblocked		
	7 reports on DFI financing  1 initiatives to connect infrastructure with productive investment and growth	2 reports / initiatives and 2 case studies on industrial funding for jobs drivers  5 impact reports	2 reports / initiative and 2 case studies on industrial funding  5 Impact reports		


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

Strategic objectives	Actual achievement 2015/2016	Planned target 2016/2017	Actual achievement 2016/2017	Deviation from planned target to actual achievement for 2016/2017	Comment on deviations
Strategic Objective 6: Promote competition, trade and economic regulation in support of job creation, industrialisation and social inclusion	<p>2 reviews / reports on strategic action by competition authorities</p> <p>1 capacity building initiative and 1 review of economic regulators</p> <p>2 initiatives to ensure trade authorities and policies support industrialisation, employment and other national development objectives</p> <p>3 engagements with trade and Competition Authorities to increase administrative efficiencies</p>	<p>2 reports on strategic actions on competition and public interest</p> <p>1 capacity building initiative and 1 review of economic regulators</p> <p>2 initiatives to ensure trade authorities and policies support industrialisation, employment and other national development objectives</p> <p>4 engagements with trade and Competition Authorities to increase administrative efficiencies</p>	<p>11 reports on strategic actions on competition and public interest</p> <p>1 capacity-building initiative and 1 reviews of economic regulators</p> <p>2 initiatives to ensure trade authorities and policies support industrialisation, employment and other national development objectives</p> <p>8 engagements with trade and Competition Authorities to increase administrative efficiencies</p>	+13	Additional reports and engagements were facilitated with competition authorities on strategic action on competition and public interest. Four large mergers were concluded in the year, including ABInBev, Coco-Cola, Edcon, and Clicks. On trade matters, it was an active year in duties on steel and monitoring AMSA steel pricing via ITAC steel task team

**Audited Actual Achievements for 2013/2014 to 2015/2016**
**PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE**

Performance indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016
<b>KPI 9:</b> Number of quarterly Cabinet-level progress reports of infrastructure Strategic Integrated Projects (SIPs)	71	72	72
<b>KPI 10:</b> Number of infrastructure projects unblocked, fast-tracked or facilitated	8	14	22
<b>KPI 11:</b> Number of Cabinet and PICC strategic decisions on infrastructure implemented	New KPI	5	8
<b>KPI 12:</b> Number of PICC meetings held and facilitated	New KPI	44	30
<b>KPI 13:</b> Drive implementation of SIP 5 of the National Infrastructure Plan	New KPI	New KPI	4
<b>KPI 14:</b> Support programmes to drive localisation in the infrastructure programme, including through the PPPFA, and local supplier development initiatives	New KPI	New KPI	8
<b>KPI 15:</b> Number of investment initiatives facilitated, fast-tracked and/or unblocked	18	13	16
<b>KPI 16:</b> Establish and monitor industrial funding targets for identified jobs drivers in township economies	New KPI	2	3
<b>KPI 17:</b> Number of reports on the level and impact of industrial finance available from IDC and departments	4	3	6
<b>KPI 18:</b> Number of strategic engagements with IDC	7	4	8


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

Performance indicator	Actual achievement 2013/2014	Actual achievement 2014/2015	Actual achievement 2015/2016
<b>KPI 19:</b> Connect infrastructure with productive investment and growth, including where appropriate through off-take agreements	New KPI	New KPI	2
<b>KPI 20:</b> Number of strategic engagements to support and strengthen economic regulators	New KPI	1	2
<b>KPI 21:</b> Number of Initiatives on mergers and acquisitions and market enquiries or reports on compliance with conditions of mergers and acquisitions	New KPI	New KPI	4
<b>KPI 22:</b> Number of initiatives to ensure that trade authorities and policies support industrialisation, employment and other national development objectives	New KPI	4	3
<b>KPI 23:</b> Number of engagements with trade and competition authorities to increase administrative efficiencies	7	5	7

**2016/2017 Performance Achievements Verified by AGSA**
**PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE**

Performance indicator	Planned target 2016/17	Planned target 2016/17	Actual achieved 2016/17	Deviation from planned target to actual achievement 2016/2017	Comment on deviations
<b>KPI 9:</b> Number of quarterly Cabinet level progress reports of infrastructure Strategic Integrated Projects (SIPs)	60  Progress reports to Cabinet on the 18 Strategic Integrated Projects	60  Progress reports to Cabinet	72  SIP Reports	+12	The NIP sets the reporting framework for all 18 SIPs. The target is the submission of 15 SIP reports because three SIPs do not have appointed co-ordinators.  PICC overachieved on the submission of the 18 quarterly reports.
<b>KPI 10:</b> Number of infrastructure projects unblocked, fast tracked or facilitated	8  Initiatives that unblock obstacles in the infrastructure rollout as identified by the PICC	8  Initiatives	9  9 initiatives	+1	Unblocking is based on the number of project unblocking escalations, these vary throughout the financial year.
<b>KPI 11:</b> Number of Cabinet and PICC strategic decisions on infrastructure implemented	4  Cabinet decisions implemented related to the rollout of infrastructure	4  Decisions implemented	5  5 Cabinet decisions implemented	+1	Cabinet decisions implemented are based on the number of decisions Cabinet makes, these vary due to the issues raised to Cabinet, based on developing priorities in the course of the financial year.

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

Performance indicator	Planned target 2016/17	Planned target 2016/17	Actual achieved 2016/17	Deviation from planned target to actual achievement 2016/2017	Comment on deviations
<b>KPI 12:</b> Number of PICC meetings held and facilitated	30  Render full administrative and technical support for the PICC Council, Management Committee, Secretariat and SIP Coordinators	7  Meetings Q1	5  PICC meetings held and facilitated - 3 PICC Secretariat meetings - 1 PICC Manco - 1 Cabinet Memorandum	-2	PICC meetings are scheduled based on the availability of PICC members.
		8  Meetings	11  PICC meetings held and facilitated: - 7 PICC Manco - 4 PICC SIP Coordinators Forums	+3	PICC meetings are scheduled based on the availability of PICC members.
		7  Meetings	3  PICC held and facilitated 3 meetings - PICC MANCO - SIP Coordinators Forum (2)	-4	PICC meetings are scheduled based on the availability of PICC members.
		8  Meetings	12  PICC held and facilitated - PICC MANCO (4) - PICC Secretariat (3) - SIP Forum (3) - Cabinet Lekgotla (1) - Meeting (Minister of Health, Treasury & PICC Secretariat) (1)	+4	PICC meetings are scheduled based on the availability of PICC members. Priority is based on the actions required for various submissions. These priorities are based on the workload which develops in the course of the year, based on Cabinet decisions.
<b>KPI 13:</b> Drive implementation of Strategic Integrated Project (SIP) 5 of the National Infrastructure Plan	4  Meetings/ initiatives: SIP 5 Chair, Coordinator and/ or Steering Committee meetings facilitated	4  Meeting/ initiatives	4  4 meetings/ initiatives	0	-




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

Performance indicator	Planned target 2016/17	Planned target 2016/17	Actual achieved 2016/17	Deviation from planned target to actual achievement 2016/2017	Comment on deviations
<b>KPI 14:</b> Support programmes to drive localisation in the infrastructure programme, including through the PPPFA, and local supplier development initiatives	3  Initiatives to support local procurement of goods and services	3  Initiatives to enhance local procurement	3  3 Initiatives to enhance local procurement	0	-
<b>KPI 15:</b> Number of investment initiatives facilitated, fast tracked and/or unblocked	12  Initiatives	12  initiatives	13  1 initiative facilitating/ promoting investments 12 unblocking initiatives	+1	Number of requests for unblocking
<b>KPI 16:</b> Establish and monitor industrial funding targets for identified jobs drivers in township economies	4  4 initiatives 2 initiatives on industrial funding for jobs drivers evaluated and improved as required.	4  4 initiatives 2 initiatives to review and establish funding targets for township enterprises by DFIs and identify improved levels of funding	4  2 initiatives – one urban and one rural	0	-
	2  Case studies to facilitate township economic initiatives or projects.	2  Case studies to monitor industrial funding for selected township enterprises	2  2 case studies	0	-
<b>KPI 17:</b> Number of reports on the level and impact of industrial finance available from IDC and departments	4  4 reports Reports showing the impact of new initiatives on jobs or industrial development	4  4 reports	4  4 reports	0	
<b>KPI 18:</b> Number of strategic engagements with IDC	4  Engagements showing improvement in performance	4  4 engagements	4  Ministry had a number of strategic engagements with the IDC each quarter.(4)	0	-


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

Performance indicator	Planned target 2016/17	Planned target 2016/17	Actual achieved 2016/17	Deviation from planned target to actual achievement 2016/2017	Comment on deviations
<b>KPI 19:</b> Connect infrastructure with productive investment and growth, including where appropriate through off-take agreements	1  1 Report/ initiative Impact report on success of initiative	1  1 initiative	1  1 BRICS New Development Bank (NDB) loan approval to Eskom  1 Report on electrification	+1	Driven intervention on BRICS New Development Bank (NDB) loan approval to Eskom
<b>KPI 20:</b> Number of strategic engagements to support and strengthen economic regulators	2  2 reports/ initiatives 1 capacity building initiative	1  1 initiative to strengthen regulatory capacity	1  1 report on capacity building with economic regulators	0	-
	1  1 review of regulators with proposals on alignment and / or consolidation if needed	1  Progress the work stream on the review of existing role, capacity and training of regulators, assessment of capacity needs, with further proposals including on possible consolidation where necessary	1  1 report on the review of existing role, and capacity of regulators: ITAC inspectorate	0	-
<b>KPI 21:</b> Number of initiatives on mergers and acquisitions and market enquiries or reports on compliance with conditions of mergers and acquisitions	2  2 reports/ initiatives Reviews/ reports on strategic actions on competition and public interest	2  2 reports/ initiatives	11  7 reports on strategic actions/ initiatives on competition and public interest 2 assessments of action on cartels/ dominant players 2 assessments of public interest clauses in selected mergers and acquisitions	+9	Ministerial intervention on public interest in terms of the Competition Act; and assessment of activity


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

Performance indicator	Planned target 2016/17	Planned target 2016/17	Actual achieved 2016/17	Deviation from planned target to actual achievement 2016/2017	Comment on deviations
<b>KPI 22:</b> Number of initiatives to ensure that trade authorities and policies support industrialisation, employment and other national development objectives	2 2 initiatives Initiatives to direct trade policy	1 Analysis of trade flows with policy implications	1 1 report on analysis of trade flow with policy implications	0	
		1 Report: Strategic engagement or initiative on trade policy	1 1 Policy Directive on trade	0	-
<b>KPI 23:</b> Number of engagements with trade and competition authorities	4 4 engagements Engagements to ensure administrative efficiencies and compliance	4 4 engagements	8 Ministerial engagements each quarter (4) EDD engagements each quarter (4)	+4	Ministerial engagements counted separately given the depth of engagement with the entities & Ministerial appointments to entities

Reasons for deviations are provided in the deviation column above.

**Strategy to overcome areas of under performance**

There was no underperformance in this programme. The Department achieved all its targets and over achieved on some of its KPIs.

**Changes to planned targets**

There were no in-year changes to planned targets and indicators for the period under review. The EDD implemented its APP 2016/17 as tabled in Parliament.

**Linking performance with budgets**

Actual expenditure for **Programme 3** and its sub-programmes amounted to **R546.9 million** or **99.0%** of the adjusted programme budget of **R552.3 million** for the 2016/17 financial year. Spending in this programme is driven mainly by transfer payments to the departmental entities and agencies.

Sub- Programme Name	2016/2017			2015/2016		
	Final appropriation	Actual expenditure	(Over)/Under expenditure	Final appropriation	Actual expenditure	(Over)/Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Development Investment, Industrial Funding and Entrepreneurship	220 652	220 620	32	415 462	415 462	-
Competition, Trade and other Economic Regulation	319 068	318 146	922	343 135	343 079	56
Infrastructure Development Coordination	12 623	8 103	4 520	16 069	15 343	726
<b>Total</b>	<b>552 343</b>	<b>546 869</b>	<b>5 474</b>	<b>774 666</b>	<b>773 884</b>	<b>782</b>

## 5. TRANSFER PAYMENTS

### 5.1 TRANSFER PAYMENTS TO PUBLIC ENTITIES

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Competition Commission	The Competition Commission is the investigative and enforcement arm of the Competition Act. It investigates mergers and/ or anti-competitive conduct and reflects its findings to the Competition Tribunal for a decision	208 541	221 583	Refer to Part A of the Annual Report
Industrial Development Corporation- <b>sefa</b>	<b>sefa</b> provides access to Small Medium and Micro Enterprises via Direct Lending and Intermediaries	213 124	213 124	Funds contributed close to 20% towards a total of R1.075,967 disbursed by <b>sefa</b> as loans during the 2016/17 financial year. <b>sefa</b> was also able to achieve the following developmental milestones as a result of this assistance: <ul style="list-style-type: none"> <li>• Funded 43 699 SMME's,</li> <li>• Created and maintained 59,396 jobs,</li> <li>• Youth received R222 million, and</li> <li>• women owned enterprises accounted for R407 million</li> </ul>
Competition Tribunal	The Competition Tribunal adjudicates on mergers and prohibited practice cases that involve anti-competitive outcomes achieved either through co-ordinated conduct between competing firms or through unilateral conduct by a dominant firm	20 115	38 259	Refer to Part A of the Annual Report
International Trade Administration Commission of South Africa	ITAC aims to create fair trade conditions that will boost South Africa's economic development and growth. ITAC comprises three core business units, namely Tariff Investigations, Trade Remedy Investigations and Import and Export Control	87 001	103 138	Refer to Part A of the Annual Report
<b>TOTAL</b>		<b>528 781</b>	<b>576 104</b>	



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

The table below reflects the transfer payments made for the period 1 April 2016 to 31 March 2017.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Not applicable	-	-	-	-	-	-

The table below reflects the transfer payments which were budgeted for in the period 1 April 2016 to 31 March 2017, but no transfer payments were made.

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

## 6. CONDITIONAL GRANTS

### 6.1 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID

Not applicable.

### 6.2 CONDITIONAL GRANTS AND EARMARKED FUNDS RECEIVED

Not applicable.

## 7. DONOR FUNDS

### 7.1 DONOR FUNDS RECEIVED – EMPLOYMENT CREATION FUND – EUROPEAN UNION

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

Name of donor	EU/the dti
Full amount of the funding	R2.541 million
Period of the commitment	2016/17
Purpose of the funding	Detailed feasibility study on the Dimbaza Steel Mill
Expected outputs	Research, technical work, writing up of report and coordination for four phases
Actual outputs achieved	Phase 1 and 2 report completed, phase 3 currently underway; this project has been on-going for the past financial year. Site visits are conducted frequently
Amount received in current period (R'000)	R2.541 million
Amount spent by the Department (R'000)	R1.271 million
Reasons for the funds unspent	Awaiting Phase 3 report
Monitoring mechanism by the donor	Review of reports





## 8. CAPITAL INVESTMENT

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

The EDD commenced the 2016/17 financial year with assets worth R12.8 million and software worth R3.4 million. An additional R919 000 was added during the financial year; whilst R20 000 worth of assets were disposed (this amount includes assets from the previous financial years). The EDD conducted quarterly asset verifications and compiled a disclosure note that reconciled to additions on the trial balance.

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



## PART C: GOVERNANCE







## 1. INTRODUCTION

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

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

## 2. RISK MANAGEMENT

The Department has a Risk Management Policy, a Risk Management Strategy, and a Risk Management Implementation Plan approved by the Accounting Officer, in place. The above risk management documents have been aligned to the best practice standards, and are applied continuously throughout the Department to improve the risk management culture within the institution. The risk management documents further enhanced the proactive identification and management of risks threatening the Department, as well as the effective implementation of transparent systems for risk management.

The Department conducts strategic risk assessments annually based on the strategic objectives outlined in the Annual Performance Plan, and also identify operational risks including new and emerging risks on continuous basis. The management of both the strategic and operational risks are closely monitored through Manco, Exco and the Risk Management Committee on a regular basis.

The Risk Management Committee is chaired by an official from the Department of Trade and Industry, and is separate from the Audit Committee. The Risk Management Committee operates under the terms of reference approved by the Accounting Officer, and meetings are being held on a quarterly basis. Reports of the Risk Management Committee form part of the meeting packs for discussions at Audit Committee meetings. All the critical issues that arise from the Risk Management Committee meetings are also escalated

and brought to the attention of the Accounting Officer, on a regular basis, by the chairperson of the Risk Management Committee.

The Department's Audit Committee continues to perform an oversight role regarding risk management processes and systems, and independently monitors the effective implementation of the risk management processes and systems by management.

The Department continues to manage risks that emanate from its strategic objectives, and noticeable progress has been recorded through the achievement of targets and key performance indicators outlined in the Annual Performance Plan.

## 3. FRAUD AND CORRUPTION

The Department has an approved Fraud Prevention Strategy and Plan, as well as related Fraud Prevention Policy inclusive of procedures. These have been implemented on an on-going basis throughout the Department. An educational awareness creation campaign is being implemented.

The Department's Whistle Blowing Policy provides employees with significant information on procedures to be followed when making confidential disclosures or reporting incidents of suspected fraud and corruption. The Department has subscribed to the Public Service Commission's National Anti-Corruption Hotline (NACH), for reporting and gathering of information relating to the incidents of suspected fraud and corruption.

When reports of suspected incidents of fraud and corruption are received through the whistle blowing mechanisms, the preliminary investigations are initiated by the Investigation Officers appointed by the Accounting Officer, and internal disciplinary actions are instituted against defaulters, if found guilty. The reported cases are also referred to other law enforcement agencies, for further investigation and prosecution.

## 4. MINIMISING CONFLICT OF INTEREST

Employees are given copies of the financial disclosure forms to complete and these form part of the employee appointment packs. Senior Management Service (SMS) members are also required to submit financial e-disclosures in April of each year. Financial



e-disclosures are analysed, verified against the Companies and Intellectual Property Commission (CIPC) database. Where discrepancies are identified, relevant employees are requested to provide reasons in writing for the discrepancies for the Minister's decision.

Senior Management Services members are also required to disclose their contemplation of doing other remunerative work when submitting their e-disclosures. Employees are also required to disclose gifts received and these are recorded on the gifts register kept in the Office of the Chief Financial Officer.

## 5. CODE OF CONDUCT

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

All employees are required to sign as affirmation upon receipt of this code of conduct. Corrective measures would be taken against employees who are not adhering to the code of conduct.

## 6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

## 7. PORTFOLIO COMMITTEES

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

Date	Purpose of Meeting
05 April 2016	Presentation to the Portfolio Committee on 2016/17 Annual Performance Plan
13 September 2016	Presentation to the Portfolio Committee on Q4 2015/16 Performance Report
13 September 2016	Presentation to the Portfolio Committee on Q1 2016/17 Performance Report
13 October 2016	Presentation to the Portfolio Committee on the 2015/16 Annual Report
25 October 2016	Presentation to the Portfolio Committee on the NGP Preliminary Mid-Term Review
08 November 2016	Presentation to the Portfolio Committee on the Response to NGP Preliminary Mid-Term Review following the presentation on 25 October 2016
15 November 2016	Presentation to the Portfolio Committee on Q2 2016/17 Performance Report
28 February 2017	Presentation to the Portfolio Committee on Q3 2016/17 Performance Report

Presentation to the Select Committee on Economic and Business Development.

Date	Purpose of Meeting
11 April 2016	Presentation to the Select Committee on the 2016/17 Annual Performance Plan
8 November 2016	Presentation to the Select Committee on the 2015/16 Annual Report

## 8. SCOPA RESOLUTIONS

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

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

There were no prior audit modifications to audit reports.





## 10. INTERNAL CONTROL UNIT

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

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit Unit reported to the Accounting Officer administratively and to the Audit Committee functionally as required. The Unit followed a risk-based internal audit approach. The Rolling Three-Year Strategic and Annual Operation Internal Audit Plans were based on an assessment of the risks of the Department.

The Audit Plan was submitted to the Management Committee (Manco) before final approval by the Audit Committee. Using the risk assessment as a basis, audit reviews for the Audit Committee comprised three (3) independent non-executive members, who operated in accordance with their approved charter.

The Audit Committee had five (5) meetings during the year under review and played an essential part in the Department's corporate reporting processes in relation to both financial and non-financial performance reporting. The Auditor-General South Africa, Internal Audit and the Accounting Officer were invited, amongst others, to attend the meetings.

The table below discloses relevant information on the Audit Committee members:

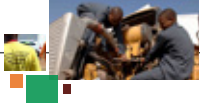
Name	Qualifications	Internal or External	If internal, position in the Department	Date appointed	Date resigned	No. of meetings attended
Mr S Simelane	<ul style="list-style-type: none"> <li>MBA</li> <li>B.Com (Hons)</li> <li>B.Com (Accounting)</li> </ul>	External	N/A	03/03/2014	-	5
Dr DP van der Nest	<ul style="list-style-type: none"> <li>D. Tech. Internal Auditing</li> <li>M.Com (Development Economics)</li> <li>B.Com (Hons) Economics</li> <li>Higher Education Diploma (H.E.D.)</li> <li>B.Com (Accountancy)</li> </ul>	External	N/A	03/03/2014	-	5
Ms A Malan	<ul style="list-style-type: none"> <li>PhD on Tourism Management (to be completed)</li> <li>M. Com (Economics) Cum Laude</li> <li>B. Com (Hons) Economics and Computer Science</li> <li>Higher Education Diploma (H.E.D.)</li> <li>B.Sc. with Economic subjects</li> </ul>	External	N/A	01/07/2016	-	3
Mr M Dukander	<ul style="list-style-type: none"> <li>CA(SA), CIA, CCSA</li> <li>Post Graduate Diploma in Auditing</li> <li>B.Compt (Hons) / CTA</li> <li>B.Com (Accounting)</li> </ul>	External	N/A	03/03/2014	29/06/2016	1

## 12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

### Audit Committee Members and Attendance

The Audit Committee is required to meet at least four times per annum as per its approved terms of reference. During the year under review, five (5) meetings were held.



## Audit Committee Responsibility

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

- Monitor the integrity, accuracy and reliability of the Department's financial information; and
- Review all material information presented to the Committee.

For the financial year ended 31 March 2017, the Audit Committee was presented with the following information for review:

- The Annual Financial Statements, and made certain recommendations for improvement;
- All quarterly Financial Statements;
- Unaudited Annual Financial Statements before submission to the Auditor-General South Africa (AGSA) on 31 May 2017;
- The management letter of the AGSA related to the audit of the final 2016/17 Annual Financial Statements and interim audit for 2016/17;
- The appropriateness of accounting policies, practices and potential changes;
- The effectiveness of the system of risk management, including emerging risks;
- Compliance with relevant laws and regulations;
- The Annual Report and predetermined objectives prior to submission to the AGSA and final publication, and
- The plans, work and reports of Internal Audit and the AGSA. The Audit Committee also conducted several independent meetings with the assurance providers.

## The Effectiveness of Internal Control

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

Internal Audit provides the Audit Committee and management with assurance that the controls are appropriate and effective. This is achieved by means of an appropriate quarterly reporting process, as well as the identification of corrective action and suggested

enhancements to the controls and processes. The Risk Management Committee monitors and oversees the control of risk identification throughout the Department. Risk management is a standing agenda item in the Audit Committee meetings and the Chair of the Risk Management Committee provides feedback on this process.

The system of internal control and the concomitant control environment were reasonably effective as attested by the various Internal Audit reports and those of the AGSA. Significant improvement in terms of the drafting of pre-determined objectives was achieved and verified through the AGSA's interim review. More work, however, is required within the areas of Information and Communication Technology (ICT), Risk Management, Human Resources and Finance.

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

## Internal Audit

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

## Evaluation of Financial Statements

The Audit Committee has evaluated the Department's financial statements for the year ended 31 March 2017 and concluded that there were no material misstatements, and the Committee concurs with and accepts the conclusion of the AGSA on the Annual Financial Statements.

Mr AS Simelane

Chairperson of the Audit Committee  
Economic Development Department  
Date: 31 July 2017



## **PART D: HUMAN RESOURCE MANAGEMENT**







## 1. INTRODUCTION

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

## 2. OVERVIEW OF HUMAN RESOURCES

The Department employs staff on a permanent basis, as well as through fixed-term contracts for specific projects and secondments to access specific scarce skills and knowledge in relation to, for example, the PICC Technical Unit.

The EDD had a ratio of 48.5% women in Senior Management positions as at 31 March 2017 as compared to 51.5% men. The Department will strive towards the target of 50% women representation at Senior Management. Twenty (20) Interns were enrolled during the 2016/17 financial year on a one-year internship programme and they were inducted accordingly. A Workplace Skills plan was developed, submitted to PSETA, and is monitored on a monthly basis.

Eighteen (18) HR policies were reviewed or developed of which four were approved. Furthermore, all Plans were developed which include, amongst others, the Employment Equity Plan, Human Resource Development Plan, Human Resource Development Implementation Plan, Implementation Plan for Job Access, Implementation Plan for Gender Equality, and others. The Department will ensure the implementation thereof. The Collective Bargaining and consultative structure is fully functional.

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

## 3. HUMAN RESOURCES OVERSIGHT STATISTICS

### 3.1 PERSONNEL RELATED EXPENDITURE

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

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

**Table 3.1.1 Personnel expenditure by programme for the period 1 April 2016 and 31 March 2017**

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	90 416	39 877	808	19 293	49	604
Growth Path and Social Dialogue	27 797	25 909	-	110	93	997
Investment, Competition and Trade	546 869	14 993	-	1 347	3	577
<b>Total</b>	<b>665 082</b>	<b>80 779</b>	<b>808</b>	<b>20 750</b>	<b>13</b>	<b>685</b>

The above tables excludes political office bearers.



**Table 3.1.2 Personnel costs by salary band for the period 1 April 2016 to 31 March 2017**

Salary band	Personnel expenditure (R'000)	% of Total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Skilled (Levels 3-5)	1 389	2	8	174
Highly skilled production (Levels 6-8)	9 790	12	32	306
Highly skilled supervision (Levels 9-12)	23 540	29	41	574
Senior management (Levels 13-16)	46 060	57	37	1 245
<b>Total</b>	<b>80 779</b>	<b>100</b>	<b>118</b>	<b>684</b>

The above tables excludes political office bearers.

**Table 3.1.3 Salaries, overtime, home owners allowance and medical aid by programme for the period 1 April 2016 to 31 March 2017**

Programme	Salaries		Overtime		Home owners allowance		Medical aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	26 357	66	912	2	709	2	742	2
Growth Path and Social Dialogue	17 251	67	-	0	178	1	473	2
Investment, Competition and Trade	10 332	69	2	0	85	1	98	1
<b>Total</b>	<b>53 940</b>	<b>67</b>	<b>914</b>	<b>1</b>	<b>972</b>	<b>1</b>	<b>1 313</b>	<b>2</b>

The above tables excludes political office bearers.

**Table 3.1.4 Salaries, overtime, home owners' allowance and medical aid by salary band for the period 1 April 2016 to 31 March 2017**

Salary band	Salaries		Overtime		Home owners allowance		Medical aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (Levels 3-5)	805	58	41	3	77	6	96	7
Highly skilled production (Levels 6-8)	6 258	64	390	4	376	4	440	4
Highly skilled supervision (Levels 9-12)	18 114	62	483	2	245	1	246	1
Senior management (Levels 13-16)	28 763	71	0	0	274	1	531	1
<b>Total</b>	<b>53 940</b>	<b>67</b>	<b>914</b>	<b>1</b>	<b>972</b>	<b>1</b>	<b>1 313</b>	<b>2</b>

The above tables excludes political office bearers.



### 3.2 Employment and vacancies

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

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

This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations (see definition in notes below).

**Table 3.2.1 Employment and vacancies by programme as on 31 March 2017**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate %	Number of employees additional to the establishment
Administration	77	66	14	1
Economic Policy Development	18	16	11	0
Economic Planning and Coordination	28	26	7	0
Socio Economic Development and Social Dialogue	10	10	0	0
<b>Total</b>	<b>133</b>	<b>118</b>	<b>11</b>	<b>1</b>

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2017**

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate %	Number of employees additional to the establishment
Skilled(3-5)	10	8	20	0
Highly skilled production (6-8)	33	33	0	0
Highly skilled supervision (9-12)	46	44	4	0
Senior management (13-16)	44	33	25	1
<b>Total</b>	<b>133</b>	<b>118</b>	<b>11</b>	<b>1</b>

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2017**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate %	Number of employees additional to the establishment
Administrative related	22	20	9	0
Communication and Information related	4	4	0	0
Economists	7	7	0	0
Finance and economics related	5	5	0	0
Financial and related professionals	9	9	0	0
Financial clerks and credit controllers	3	3	0	0
Food services aids and waiters	2	2	0	0
Head of Department / Chief Executive Officer	1	0	100	1
Human resources clerks	6	6	0	0
Human resources related	4	4	0	0
Information technology related	2	2	0	0
Light vehicle drivers	2	2	0	0
Logistical support personnel	6	6	0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate %	Number of employees additional to the establishment
Material-recording and transport clerks	3	1	67	0
Messengers porters and deliverers	1	1	0	0
Other admin and related clerks and organisers	4	4	0	0
Other occupations	2	0	100	0
Risk management and security services	1	1	0	0
Secretaries and other keyboard operating clerks	2	2	0	0
Security officers	1	1	0	0
Senior managers	27	19	30	0
Statisticians and related professionals	2	2	0	0
Trade/ industry advisers and other related professions	17	17	0	0
<b>Total</b>	<b>133*</b>	<b>118</b>	<b>11*</b>	<b>1</b>

\*Funding for vacancies being determined.

### 3.3 Filling of SMS posts

**Table 3.3.1 SMS post information as at 31 March 2017**

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	2	0	0	2	100
Salary Level 15	2	0	0	2	100
Salary Level 14	16	12	75	4	25
Salary Level 13	23	21	91	2	9
<b>Total</b>	<b>44</b>	<b>33</b>	<b>75</b>	<b>11</b>	<b>25</b>

**Table 3.3.2 SMS post information as at 30 September 2016**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	0	0	1	100
Salary Level 16	2	0	0	2	100
Salary Level 15	2	0	0	2	100
Salary Level 14	17	12	71	5	29
Salary Level 13	24	21	88	3	12
<b>Total</b>	<b>46</b>	<b>33</b>	<b>72</b>	<b>13</b>	<b>28</b>


**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2016 to 31 March 2017**

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

**Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2016 to 31 March 2017**

Reasons for vacancies not advertised within six months
The organisational structure was being aligned with the future work of the Department
Reasons for vacancies not filled within six months
The organisational structure was being aligned with the future work of the Department

**Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2016 to 31 March 2017**

Disciplinary steps taken
None

### 3.4 Job evaluation

**Table 3.4.1 Job evaluation by salary band for the period 1 April 2016 to 31 March 2017**

Salary band	Number of posts	Number of jobs evaluated	% of posts evaluated	Number of posts upgraded	% of upgraded posts evaluated	Number of posts downgraded	% of downgraded posts evaluated
Contract (Levels 3-5)	2	0	0	0	0	0	0
Contract (Levels 6-8)	2	0	0	0	0	0	0
Contract (Levels 9-12)	3	0	0	0	0	0	0
Contract (Band A)	1	0	0	0	0	0	0
Contract (Band B)	1	0	0	0	0	0	0
Contract (Band C)	0	0	0	0	0	0	0
Contract (Band D)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	8	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	31	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	43	2	5	0	0	0	0
Senior Management Service Band A	22	1	5	1	100	0	0
Senior Management Service Band B	15	1	7	0	0	0	0
Senior Management Service Band C	2	0	0	0	0	0	0
Senior Management Service Band D	3	1	33	0	0	0	0
<b>Total</b>	<b>133</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>20</b>	<b>0</b>	<b>0</b>

**Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 to 31 March 2017**

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

**Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2016 to 31 March 2017**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	No of employees in Department
Messengers porters and deliverers	1	4	6	Transfer	
Human resources related	1	11	12	Transfer	
Human resources related	1	11	12	Retention	
Administrative	1	11	13	Retention	
Administrative	1	12	13	Retention	
Financial and related professionals	1	11	13	Retention	
<b>Total</b>	<b>6</b>				<b>118</b>
Percentage of Total Employment	5				

**Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2016 to 31 March 2017**

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

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

**Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2016 to 31 March 2017**

Salary Band	Number of employees at beginning of period-1 April 2016	Appointments and transfers into the Department	Terminations and transfers out of the Department	% Turnover rate
Skilled (Levels3-5)	6	0	0	0
Highly Skilled Production (Levels 6-8)	29	2	1	3
Highly Skilled Supervision (Levels 9-12)	38	7	3	8
Senior Management Service band A	19	1	0	0
Senior Management Service band B	10	1	1	10
Senior Management Service band C	0	0	0	0
Senior Management Service band D	0	0	0	0
Contract (Levels 3-5)	2	1	1	50
Contract (Levels 6-8)	3	0	0	0
Contract (Levels 9-12)	3	1	1	33
Contract Senior Management Service band A	3	0	2	67
Contract Senior Management Service band B	1	0	1	100
Contract Senior Management Service band C	0	0	0	0
Contract Senior Management Service band D	0	1	0	0
<b>Total</b>	<b>114</b>	<b>14</b>	<b>10</b>	<b>9</b>



**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2016 to 31 March 2017**

Critical Occupation	Number of employees at the beginning of period - 1 April 2016	Appointments and transfers into the Department	Terminations and transfers out of the Department	% Turnover rate
Administrative related	22	2	3	14
Finance and economics related	4	1	0	0
Financial and related professionals	7	3	0	0
Financial clerks and credit controllers	2	0	0	0
Food services aids and waiters	3	0	0	0
Head of Department/Chief Executive Officer	0	1	0	0
Human resources clerks	7	0	0	0
Human resources related	5	0	1	20
Information technology related	2	0	0	0
Legal related	0	0	0	0
Light vehicle drivers	2	1	1	50
Logistical support personnel	7	0	0	0
Material recording and transport clerks	0	0	0	0
Communication and Information related	4	0	0	0
Other admin and related clerks and organisers	2	1	0	0
Risk management and security services	1	0	0	0
Secretaries and other keyboard operating clerks	2	0	0	0
Security officers	1	0	0	0
Senior Managers	20	1	3	15
Statisticians and related professionals	2	0	0	0
Messenger services	1	0	0	0
Economist and other related professionals	5	2	0	0
Trade/industry advisors and other related profession	15	2	2	13
<b>Total</b>	<b>114</b>	<b>14</b>	<b>10</b>	<b>9</b>

**Table 3.5.3 Reasons why staff left the Department for the period 1 April 2016 and 31 March 2017**

Termination type	Number	% of Total terminations
Death	0	0
Resignation	3	30
Expiry of contract	3	30
Dismissal – misconduct	0	0
Retirement	0	0
Transfer to other public service departments	4	40
<b>Total</b>	<b>10</b>	<b>100</b>
<b>Total number of employees who left as a % of total employment</b>		<b>8</b>


**Table 3.5.4 Promotions by critical occupation for the period 1 April 2016 to 31 March 2017**

Occupation	Employees 1 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	22	0	0	18	82
Finance and economics related	4	1	25	4	100
Financial and related professionals	7	2	29	3	43
Financial clerks and credit controllers	2	0	0	2	100
Food services aids and waiters	3	0	0	3	100
Head of department/ chief executive officer	0	0	0	0	0
Human resources clerks	7	0	0	7	100
Human resources related	5	0	0	4	80
Information technology related	2	0	0	2	100
Legal related	0	0	0	0	0
Light vehicle drivers	2	0	0	0	0
Logistical support personnel	7	0	0	2	29
Material recording and transport clerks	0	1	0	0	0
Communication and Information Related	4	0	0	4	100
Other admin and related clerks and organisers	2	0	0	1	50
Risk management and security services	1	0	0	1	100
Secretaries and other keyboard operating clerks	2	0	0	0	0
Security officers	1	0	0	0	0
Senior managers	20	0	0	10	50
Statisticians and related professionals	2	0	0	1	50
Messenger services	1	0	0	0	0
Economist and other related professionals	5	1	20	3	60
Trade/industry advisors and other related profession	15	0	0	7	47
<b>Total</b>	<b>114</b>	<b>5</b>	<b>4</b>	<b>72</b>	<b>63</b>


**Table 3.5.5 Promotions by salary band for the period 1 April 2016 to 31 March 2017**

Salary band	Employees 1 April 2016	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Skilled (Levels 3-5)	8	1	13	7	88
Highly skilled production (Levels 6-8)	32	1	3	22	69
Highly skilled supervision (Levels 9-12)	41	3	7	23	56
Senior Management (Level 13-16)	33	0	0	20	61
<b>Total</b>	<b>114</b>	<b>5</b>	<b>4</b>	<b>72</b>	<b>63</b>

### 3.6 Employment equity

**Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2017**

Occupational category	Male					Female					Total
	African	Coloured	Indian/Asian	Total Black	White	African	Coloured	Indian/Asian	Total Blacks	White	
Legislators, senior officials and managers	7	0	1	8	1	9	0	0	9	2	20
Professionals	21	1	0	22	3	20	1	0	21	2	48
Technicians and associate professionals	6	0	0	6	0	21	2	1	24	0	30
Clerks	5	0	0	5	0	9	0	0	9	0	14
Plant and machine operators and assemblers	3	0	0	3	0	0	0	0	0	0	3
Labourers and related workers	0	0	0	0	0	2	0	0	2	0	2
Service shop and market sales workers	1	0	0	1	0	1	0	0	1	0	2
<b>Total</b>	<b>43</b>	<b>1</b>	<b>1</b>	<b>45</b>	<b>4</b>	<b>62</b>	<b>3</b>	<b>1</b>	<b>66</b>	<b>4</b>	<b>119*</b>
<b>Employees with disabilities</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>3</b>

\*The table includes one official who is appointed additional to the establishment.

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2017**

Occupational band	Male					Female					Total
	African	Coloured	Indian/Asian	Total Black	White	African	Coloured	Indian/Asian	Total Blacks	White	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	13	1	1	15	1	11	0	0	11	4	31
Professionally qualified and experienced specialists and mid-management	16	0	0	16	1	14	1	1	16	0	33
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	9	0	0	9	0	28	2	0	30	0	39
Semi-skilled and discretionary decision making	2	0	0	2	0	4	0	0	4	0	6
Contract (Top Management )	0	0	0	0	1	0	0	0	0	0	1
Contract (Senior Management)	0	0	0	0	1	2	0	0	2	0	3
Contract (Professionally qualified and experienced specialists and mid-management)	0	0	0	0	0	2	0	0	2	0	2
Contract (Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents)	1	0	0	1	0	1	0	0	1	0	2
Contract (Semi-skilled and discretionary decision making)	2	0	0	2	0	0	0	0	0	0	2
<b>Total</b>	<b>43</b>	<b>1</b>	<b>1</b>	<b>45</b>	<b>4</b>	<b>62</b>	<b>3</b>	<b>1</b>	<b>66</b>	<b>4</b>	<b>119*</b>

\*The table includes one official who is appointed additional to the establishment.

**Table 3.6.3 Recruitment for the period 1 April 2016 to 31 March 2017**

Occupational band	Male					Female					Total
	African	Coloured	Indian/Asian	Total Blacks	White	African	Coloured	Indian/Asian	Total Blacks	White	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	1	1	0	0	1	1	3
Professionally qualified and experienced specialists and mid-management	3	0	0	3	0	4	0	0	4	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	1	0	2	0	0	2	0	3
Semi-skilled and discretionary decision making	1	0	0	1	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>1</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>1</b>	<b>14</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.6.4 Promotions for the period 1 April 2016 to 31 March 2017**

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

**Table 3.6.5 Terminations for the period 1 April 2016 to 31 March 2017**

Occupational band	Male					Female					Total
	African	Coloured	Indian/ Asian	Total Blacks	White	African	Coloured	Indian/ Asian	Total Blacks	White	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	1	0	1	2	0	1	1	0	2	0	4
Professionally qualified and experienced specialists and mid-management	1	0	0	1	0	1	1	0	2	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	1	0	0	0	0	0	1	2
Semi-skilled and discretionary decision making	1	0	0	1	0	0	0	0	0	0	1
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>10</b>
<b>Employees with Disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.6.6 Disciplinary action for the period 1 April 2016 to 31 March 2017**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian/ Asian	White	African	Coloured	Indian/ Asian	White	
Misconduct	0	0	0	0	0	0	0	0	0




**Table 3.6.7 Skills development for the period 1 April 2016 to 31 March 2017**

Occupational category	Male				Female				Total
	African	Coloured	Indian/ Asian	White	African	Coloured	Indian/ Asian	White	
Legislators, senior officials and managers	6	0	0	1	3	0	0	1	11
Professionals	4	0	0	0	7	1	0	1	13
Technicians and associate professionals	3	0	0	0	21	1	0	0	25
Clerks	2	0	0	0	0	0	0	0	2
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>31</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>51</b>
<b>Employees with disabilities</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

\*One (1) intern attended training with regard to IT on 25-27 July 2016

Two (2) interns attended Risk Based Auditing training on 5-6 August 2016

Five (5) interns attended Project Management training on 5-7 October 2016

Two (2) interns attended Business report writing

Five (5) interns attended Intermediate on Excel training 24-28 October 2016

One (1) Intern attended Record Management training on 7-11 November 2016

Two (2) interns attended Persal System training on 31 January to 3 February 2017

Three (3) interns attended Project Management training on 27 February to 3 March 2017

### 3.7 Signing of performance agreements by SMS members

**Table 3.7.1 Signing of performance agreements by SMS members as at 31 May 2016**

SMS level	Total number of funded SMS Posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	0	0	0
Salary Level 16	2	0	0	0
Salary Level 15	2	0	0	0
Salary Level 14	17	12	9	75
Salary Level 13	24	20	20	100
<b>Total</b>	<b>46</b>	<b>32</b>	<b>29</b>	<b>91</b>

**Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 March 2016**

Reasons
The three officials submitted unsigned Performance Agreements before 31 May 2016 which were signed after 31 May because the Department was in the process of re-organising the work of the Department and the reporting lines.

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance Agreements as on 31 March 2016**

Reasons
None



### 3.8 Performance rewards

**Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2016 to 31 March 2017**

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of Total within group	Cost (R'000)	Average cost per employee (R'000)
African	0	0	0	0	0
Male	13	42	31	377	29
Female	31	60	52	783	25
Indian/ Asian	0	0	0	0	0
Male	1	1	100	56	56
Female	1	1	100	28	28
Coloured	0	0	0	0	0
Male	0	1	0	0	0
Female	2	3	67	101	51
White	0	0	0	0	0
Male	0	3	0	0	0
Female	1	4	25	23	23
Employees with disabilities	2	3	67	15	8
<b>Total</b>	<b>51</b>	<b>118</b>	<b>43</b>	<b>1 383</b>	<b>27</b>

**Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2016 to 31 March 2017**

Salary band	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of Total within salary bands	Total cost (R'000)	Average cost per employee (R'000)
Skilled (Level 3-5)	7	8	88	53	8
Highly skilled production (Level 6-8)	22	33	67	418	19
Highly skilled supervision (Level 9-12)	18	44	41	708	39
<b>Total</b>	<b>47</b>	<b>85</b>	<b>55</b>	<b>1 179</b>	<b>25</b>

**Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2016 to 31 March 2017**

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of Total within occupation	Total cost (R'000)	Average cost per employee (R'000)
Administrative related	16	20	80	492	31
Communication and information related	0	4	0	0	0
Economists	0	7	0	0	0
Finance and economics related	4	5	80	162	40
Financial and related professionals	5	9	56	154	31
Financial clerks and credit controllers	2	3	67	33	17
Food services aids and waiters	3	2*	150	22	7
Head of Department / Chief Executive Officer	0	0	0	0	0
Human resources clerks	7	6*	117	80	11
Human resources related	3	4	75	69	23
Information Technology related	1	2	50	30	30
Light vehicle drivers	1	2	50	9	9

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of Total within occupation	Total cost (R'000)	Average cost per employee (R'000)
Logistical support personnel	1	6	17	20	20
Material-recording and transport clerks	0	1*	0	0	0
Messengers porters and deliverers	1	1	100	15	15
Other admin and related clerks and organisers	0	4	0	0	0
Other occupations	0	0	0	0	0
Risk management and security services	1	1	100	41	41
Secretaries and other keyboard operating clerks	0	2	0	0	0
Security officers	0	1	0	0	0
Senior managers	2	19	11	104	52
Statisticians and related professionals	0	2	0	0	0
Trade/ Industry advisers and other related professions	4	17	24	152	38
<b>Total</b>	<b>51</b>	<b>118</b>	<b>43</b>	<b>1 383</b>	<b>27</b>

**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2016 to 31 March 2017**

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R'000)	
Band A	2	21	10	93	47	0.11
Band B	2	12	17	112	56	0.13
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
<b>Total</b>	<b>4</b>	<b>33</b>	<b>12</b>	<b>204</b>	<b>51</b>	<b>0.24</b>

### 3.9 Foreign workers

**Table 3.9.1 Foreign workers by salary band for the period 1 April 2016 to 31 March 2017**

Salary band	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Senior managers (Level 13-16)	3	50	3	75	0	0
Highly skilled supervision (Level 9-12)	1	17	1	25	0	0
Contract (Level 13-16)	2	33	0	0	-2	100
<b>Total</b>	<b>6</b>	<b>100</b>	<b>4</b>	<b>100</b>	<b>0</b>	<b>67</b>

**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2016 to 31 March 2017**

Major occupation	01 April 2016		31 January 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Senior Managers	5	83	3	75	0	0
Other professionals	1	17	1	25	-2	100
<b>Total</b>	<b>6</b>	<b>100</b>	<b>4</b>	<b>100</b>	<b>0</b>	<b>67</b>



### 3.10 Leave utilisation

**Table 3.10.1 Sick leave for the period 1 January 2016 to 31 December 2016**

Salary band	Total days	% Days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of employees using sick leave	Total number of days with medical certification
Skilled (Levels 3-5)	55	80	5	5	11	40	110	44
Highly skilled production (Levels 6-8)	267	77	32	29	8	329	110	205
Highly skilled supervision (Levels 9 -12)	277	66	38	35	7	694	110	184
Top and Senior Management (Levels 13-16)	161	71	27	25	6	603	110	114
Contract (Levels 3-5)	15	93	2	2	8	11	110	14
Contract (Levels 6-8)	3	100	1	1	3	3	110	3
Contract (Levels 9-12)	19	74	3	3	6	47	110	14
Contracts (Level 13-16)	20	95	2	2	10	70	110	19
<b>Total</b>	<b>817</b>	<b>73</b>	<b>110</b>	<b>100</b>	<b>7</b>	<b>1 797</b>	<b>110</b>	<b>597</b>

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2016**

Salary band	Total days	% Days with medical certification	Number of employees using disability leave	% of Total employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certification	Total number of employees using disability leave
Highly skilled production (Levels 6-8)	0	0	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0	0	0
Senior Management (Levels 13-16)	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.10.3 Annual leave for the period 1 January 2016 to 31 December 2016**

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Skilled (levels 3-5)	134	6	22
Highly skilled production (levels 6-8)	605	30	20
Highly skilled supervision(levels 9-12)	729	41	18
Senior Management (Levels 13-16)	658	31	21
Contract (Level 3-5)	12	1	12
Contract (Level 6-8)	52	2	26
Contracts (Level 9-12)	52	3	17
Contracts (13-16)	77	4	19
<b>Total</b>	<b>2 319</b>	<b>118</b>	<b>20</b>

**Table 3.10.4 Capped leave for the period 1 January 2016 to 31 December 2016**

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2016
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior Management (Levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.10.5 Leave payouts for the period 1 April 2016 to 31 March 2017**

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Leave pay-out for 2016/17 due to non-utilisation of leave for the previous cycle	107	4	26 738
Capped leave pay-outs on termination of service for 2016/17	0	0	0
Current leave pay-out on termination of service for 2016/17	73	5	14 578
<b>TOTAL</b>	<b>180</b>	<b>9</b>	<b>19 983</b>

### 3.11 HIV/AIDS and Health Promotion Programmes

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

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

**Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes**

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001 If so, provide her/his name and position.	x		Director: Human Resource Management. Employee Health and Wellness resides in the sub-Directorate: Human Resource Development within the Directorate: Human Resource Management.
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		The sub-Directorate: Human Resource Development is assigned with the responsibility to promote the health and well-being of EDD employees.
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this programme.	x		The EDD has, through its procurement processes, procured the services of ICAS. The key elements of the services are the following: Counselling services including, health and wellness issues, relationships and financial. Telephonic and one-on-one consultations 24/7, Information sessions/workshops and awareness creation on health matters, etc. Desk drops (information pieces on health and wellness themes) are provided on a regular basis to employees.





Question	Yes	No	Details, if yes
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		x	The Health and Wellness Committee established in the Department has become dormant with the departure of the majority of its committee members.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	x		HIV/AIDS Policy has been reviewed. It is currently at the consultation stage.
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		The measures are guided by the code of conduct, Employee Health and Wellness Policy, Employment Equity Policy, Working Hours Policy, Leave Policy.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	x		Opportunities for voluntary counselling and testing are created during wellness days and information sessions held in partnership with GEMS and ICAS.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	x		GEMS Wellness day reports and ICAS quarterly reports.

### 3.12 Labour relations

**Table 3.12.1 Collective agreements for the period 1 April 2016 to 31 March 2017**

Subject matter	Date
None	

**Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2016 to 31 March 2017**

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

**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2016 and 31 March 2017**

Type of misconduct	Number	% of Total
None	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**Table 3.12.4 Grievances logged for the period 1 April 2016 to 31 March 2017**

Grievances	Number	% of Total
Number of grievances resolved	0	0
Number of grievances not resolved	4	100
<b>Total number of grievances lodged</b>	<b>4</b>	<b>100</b>

**Table 3.12.5 Disputes logged with Councils for the period 1 April 2016 to 31 March 2017**

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

**Table 3.12.6 Strike actions for the period 1 April 2016 to 31 March 2017**

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

**Table 3.12.7 Precautionary suspensions for the period 1 April 2016 to 31 March 2017**

Number of people suspended	02
Number of people whose suspension exceeded 30 days	01
Average number of days suspended	147
Cost of suspension(R'000)	R88,578.08

### 3.13 Skills development

**Table 3.13.1 Training needs identified for the period 1 April 2016 to 31 March 2017**

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learner ships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	10	0	17	0	17
	Male	9	0	15	0	15
Professionals	Female	19	0	23	0	23
	Male	24	0	29	0	29
Technicians and associate professionals	Female	24	0	21	0	21
	Male	8	0	13	0	13
Clerks	Female	8	0	7	0	7
	Male	4	0	8	0	8
Service shop and market sales workers	Female	1	0	0	0	0
	Male	1	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	3	0	0	0	0
Labourers and related workers	Female	3	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>Total</b>		<b>114</b>	<b>0</b>	<b>133</b>	<b>0</b>	<b>133</b>


**Table 3.13.2 Training provided for the period 1 April 2016 and 31 March 2017**

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	10	0	4	0	4
	Male	9	0	7	0	7
Professionals	Female	19	0	9	0	9
	Male	24	0	4	0	4
Technicians and associate professionals	Female	24	0	22	0	22
	Male	8	0	3	0	3
Clerks	Female	8	0	0	0	0
	Male	4	0	2	0	2
Service shop and market sales workers	Female	1	0	0	0	0
	Male	1	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	3	0	0	0	0
Labourers and related workers	Female	3	0	0	0	0
	Male		0	0	0	0
Sub Total	Female		0	0	0	0
	Male		0	0	0	0
<b>Total</b>		<b>114</b>	<b>0</b>	<b>51</b>	<b>0</b>	<b>51</b>

\*One (1) intern attended training with regard to IT on 25-27 July 2016

Two (2) interns attended Risk Based Auditing training on 5-6 August 2016

Five (5) interns attended Project Management training on 5-7 October 2016

Two (2) interns attended Business report writing

Five (5) interns attended Intermediate on Excel training 24-28 October 2016

One (1) Intern attended Record Management training on 7-11 November 2016

Two (2) interns attended Persal System training on 31 January to 3 February 2017

Three (3) interns attended Project Management training on 27 February to 3 March 2017

### 3.14 Injury on duty

**Table 3.14.1 Injury on duty for the period 1 April 2016 to 31 March 2017**

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

### 3.15 Utilisation of consultants

**Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2016 to 31 March 2017**

Project title	Total number of consultants that worked on project	Duration worked days	Contract value
-	-	-	-

**Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 and 31 March 2017**

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

**Table 3.15.3 Report on consultant appointments using donor funds for the period 1 April 2016 and 31 March 2017**

Not applicable, as no consultants were appointed using donor funds in the year under review

**Table 3.15.4 Analysis of consultant appointments using donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 to 31 March 2017**

Project title	Total number of consultants that worked on project	Duration (work days)	Donor and contract value in rand
Not applicable	-	-	-

### 3.16 Severance packages

**Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2016 to 31 March 2017**

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



## PART E: FINANCIAL INFORMATION





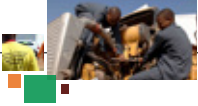


# ANNUAL FINANCIAL STATEMENTS

FOR ECONOMIC DEVELOPMENT DEPARTMENT

FOR THE YEAR ENDED

31 MARCH 2017



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

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Economic Development Department set out on pages 94 to 154, which comprise the appropriation statement, the statement of financial position as at 31 March, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Economic Development Department as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standards (MCS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other matter

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

### Unaudited supplementary information

7. The supplementary information set out on pages 155 to 165 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### Responsibilities of the accounting officer for financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Modified Cash Standards and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the Economic Development Department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends there is an intention either to liquidate the department or to cease operations, or there is no realistic alternative but to do so.

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my

opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – Growth Path and Social Dialogue	38 – 44
Programme 3 – Investment, Competition and Trade	44 – 54

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 2 – Growth Path and Social Dialogue
- Programme 3 – Investment, Competition and Trade.

### Other matters

I draw attention to the matters below. My opinions are not modified in respect of these matters.

Achievement of planned targets

Refer to the annual performance report on page(s) 38 to 44; 44 to 54 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a significant number of targets.

### Adjustment of material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information on Programme 2: Growth Path and Social Dialogue, and Programme 3: Investment, Competition and Trade. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.





## Report on audit of compliance with legislation

### Introduction and scope

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

### Expenditure management

18. Effective steps were not taken to prevent irregular expenditure amounting to R122 000.00 as disclosed in note 23 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1 of the PFMA.

### Other information

19. The Economic Development Department accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Internal control deficiencies

22. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

### Financial and performance management

23. The department's internal control environment has generally improved, however, the internal control environment within finance has remained the same as a result of review processes which could not prevent and detect some non-compliance with laws and regulations.

*Auditor-General*

Pretoria  
31 July 2017



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



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

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

### Financial statements

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

### Communication with those charged with governance

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

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Appropriation per programme		2016/17						2015/16	
Programme	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. ADMINISTRATION	89 237	43	3 151	92 431	90 416	2 015	97.8%	83 223	83 144
2. GROWTH PATH AND SOCIAL DIALOGUE	33 075	-	(3 188)	29 887	27 797	2 090	93.0%	27 889	26 705
3. INVESTMENT, COMPETITION AND TRADE	552 349	-	(6)	552 343	546 869	5 474	99.0%	774 666	773 884
<b>TOTAL</b>	<b>674 661</b>	<b>43</b>	<b>(43)</b>	<b>674 661</b>	<b>665 083</b>	<b>9 578</b>	<b>98.6%</b>	<b>885 778</b>	<b>883 733</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Departmental receipts				137 336				50 296	
Aid assistance				2 541				5 682	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>814 538</b>				<b>941 756</b>	
<b>Add: Aid Assistance</b>					1 270				5 682
<b>Actual amount per Statement of Financial Performance (Total Expenditure)</b>					<b>666 353</b>				<b>889 415</b>

The 2015/16 final appropriation was incorrectly printed as R 941.856 million instead of R 941.756million



# APPROPRIATION STATEMENT

for the year ended 31 March 2017

Appropriation per economic classification									
	2016/17						2015/16		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>142 484</b>	<b>(22)</b>	<b>43</b>	<b>142 419</b>	<b>133 465</b>	<b>8 954</b>	<b>93.7%</b>	<b>130 430</b>	<b>128 386</b>
Compensation of employees	93 995	(65)	-	93 930	84 990	8 940	90.5%	79 534	79 398
Salaries and wages	93 995	(8 839)	-	85 156	76 216	8 940	89.5%	71 521	71 520
Social contributions	-	8 774	-	8 774	8 775	(1)	100.0%	8 013	8 013
Goods and services	48 489	43	(43)	48 489	48 475	14	100.0%	50 897	48 988
Administrative fees	548	48	(129)	467	467	-	100.1%	847	794
Advertising	142	321	(19)	444	444	-	100.0%	2 705	2 705
Minor assets	120	(75)	(1)	44	41	3	92.5%	189	174
Audit costs: External	2 781	(172)	-	2 609	2 609	-	100.0%	2 669	2 669
Bursaries: Employees	120	150	-	270	270	-	99.9%	209	209
Catering: Departmental activities	887	(273)	(368)	246	244	1	99.5%	1 355	1 351
Communication (G&S)	1 769	(16)	(81)	1 672	1 669	4	99.8%	1 249	1 130
Computer services	930	(76)	(75)	779	779	-	100.0%	334	326
Consultants: Business and advisory services	1 809	269	(262)	1 816	1 807	9	99.5%	1 524	832
Legal services	14 045	1 732	3 151	18 928	18 927	1	100.0%	6 636	6 636
Contractors	673	(462)	(115)	96	96	-	99.9%	460	460
Agency and support / outsourced services	208	73	-	281	280	-	99.9%	21	21
Entertainment	22	(16)	(5)	1	-	1	-	-	-
Fleet services (including government motor transport)	644	410	-	1 054	1 058	4	100.4%	917	917
Inventory: Clothing material and accessories	12	(2)	(10)	-	-	-	-	-	-
Inventory: Material and supplies	11	(10)	-	1	-	1	-	-	-
Consumable supplies	153	(30)	(27)	96	101	(5)	105.3%	99	98
Consumable: Stationery, printing and office supplies	1 616	(741)	(219)	656	656	-	99.9%	899	703
Operating leases	10 604	(1 012)	-	9 592	9 592	-	100.0%	10 924	10 924

# APPROPRIATION STATEMENT

for the year ended 31 March 2017

Appropriation per economic classification										
	2016/17						2015/16			
	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	
Property payments	40	(36)	(4)	-	-	-	-	-	-	-
Transport provided: Departmental activity	23	(19)	(3)	1	-	1	-	55	55	55
Travel and subsistence	7 657	7	(695)	6 969	6 967	3	100.0%	11 468	11 295	11 295
Training and development	980	(172)	-	808	808	-	100.0%	348	348	348
Operating payments	1 336	375	(292)	1 419	1 421	(2)	100.1%	1 103	987	987
Venues and facilities	1 237	(213)	(785)	239	239	-	99.8%	6 795	6 263	6 263
Rental and hiring	122	(18)	(104)	-	-	-	-	91	91	91
<b>Transfers and subsidies</b>	<b>528 781</b>	<b>65</b>	<b>-</b>	<b>528 846</b>	<b>528 846</b>	<b>-</b>	<b>100.0%</b>	<b>750 396</b>	<b>750 396</b>	<b>750 396</b>
<b>Departmental agencies and accounts</b>	<b>315 657</b>	<b>-</b>	<b>-</b>	<b>315 657</b>	<b>315 657</b>	<b>-</b>	<b>100.0%</b>	<b>338 848</b>	<b>338 848</b>	<b>338 848</b>
Departmental agencies (non – business entities)	315 657	-	-	315 657	315 657	-	100.0%	338 848	338 848	338 848
Public corporations and private enterprises	213 124	-	-	213 124	213 124	-	100.0%	411 397	411 397	411 397
Public corporations	213 124	-	-	213 124	213 124	-	100.0%	406 397	406 397	406 397
- Other transfers to public corporations	213 124	-	-	213 124	213 124	-	100.0%	406 397	406 397	406 397
Private enterprises	-	-	-	-	-	-	-	5 000	5 000	5 000
- Other transfers to private enterprises	-	-	-	-	-	-	-	5 000	5 000	5 000
Households	-	65	-	65	65	-	99.3%	151	151	151
Social benefits	-	65	-	65	65	-	99.3%	151	151	151
<b>Payments for capital assets</b>	<b>3 396</b>	<b>-</b>	<b>-</b>	<b>3 396</b>	<b>2 772</b>	<b>624</b>	<b>81.6%</b>	<b>4 949</b>	<b>4 949</b>	<b>4 949</b>
<b>Machinery and equipment</b>	<b>3 285</b>	<b>(1 204)</b>	<b>-</b>	<b>2 081</b>	<b>1 507</b>	<b>574</b>	<b>72.4%</b>	<b>3 383</b>	<b>3 383</b>	<b>3 383</b>
Transport equipment	230	-	-	230	226	4	98.5%	-	-	-
Other machinery and equipment	3 055	(1 204)	-	1 851	1 280	571	69.2%	3 383	3 383	3 383
<b>Software and other intangible assets</b>	<b>111</b>	<b>1 204</b>	<b>-</b>	<b>1 315</b>	<b>1 265</b>	<b>50</b>	<b>96.2%</b>	<b>1 566</b>	<b>1 566</b>	<b>1 566</b>
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Total</b>	<b>674 661</b>	<b>43</b>	<b>(43)</b>	<b>674 661</b>	<b>665 083</b>	<b>9 579</b>	<b>98.6%</b>	<b>885 778</b>	<b>883 733</b>	<b>883 733</b>





# APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Programme 1: ADMINISTRATION

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. MINISTRY	21 415	(1 354)	-	20 061	18 355	1 706	91.5%	20 163	20 160
2. OFFICE OF THE DIRECTOR GENERAL	11 293	(164)	-	11 129	11 037	92	99.2%	14 578	14 578
3. CORPORATE MANAGEMENT SERVICES	43 097	2 098	3 151	48 346	48 285	61	99.9%	36 618	36 618
4. FINANCIAL MANAGEMENT	13 432	(537)	-	12 895	12 739	156	98.8%	11 864	11 788
	89 237	43	3 151	92 431	90 416	2 015	97.9%	83 223	83 144
Economic classification									
Current payments	86 157	(12)	3 151	89 296	87 630	1 666	98.1%	80 112	80 033
Compensation of employees	45 804	(55)	-	45 749	44 088	1 661	96.4%	41 769	41 690
Salaries and wages	45 804	(4 694)	-	41 110	39 449	1 661	96.0%	37 361	37 282
Social contributions	-	4 639	-	4 639	4 639	-	100.0%	4 408	4 408
Goods and services	40 353	43	3 151	43 547	43 542	5	100.0%	38 343	38 343
Administrative fees	328	81	-	409	410	-	100.1%	707	707
Advertising	77	325	-	402	402	-	100.0%	491	491
Minor assets	119	(75)	-	44	41	3	92.5%	172	172
Audit costs: External	2 781	(172)	-	2 609	2 609	-	100.0%	2 669	2 669
Bursaries: Employees	120	150	-	270	270	-	99.9%	209	209
Catering: Departmental activities	366	(261)	-	105	105	-	99.6%	198	198
Communication (G&S)	1 323	(24)	-	1 299	1 296	3	99.7%	1 054	1 054
Computer services	389	(76)	-	313	313	-	99.9%	310	310
Consultants: Business and advisory services	616	(141)	-	475	475	-	100.0%	566	566
Legal services	13 935	1 732	3 151	18 818	18 818	-	100.0%	6 636	6 636
Contractors	214	(125)	-	89	89	-	100.0%	107	107

# APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Agency and support / outsourced services	208	73	-	281	280	-	99.9%	21	21
Entertainment	12	(12)	-	-	-	-	-	-	-
Fleet services (including government motor transport	638	303	-	941	945	(4)	100.4%	898	898
Inventory: Clothing material and accessories	2	(2)	-	-	-	-	-	-	-
Inventory: Materials and supplies	11	(10)	-	1	-	1	-	-	-
Consumable supplies	113	(28)	-	85	88	(4)	104.4%	91	91
Consumable: Stationery, printing and office supplies	1 250	(656)	-	594	593	-	100.0%	591	591
Operating leases	10 604	(1 012)	-	9 592	9 592	-	100.0%	10 924	10 924
Property payments	33	(33)	-	-	-	-	-	-	-
Transport provided: Departmental activity	19	(19)	-	-	-	-	-	-	-
Travel and subsistence	5 391	(79)	-	5 312	5 308	4	99.9%	8 951	8 951
Training and development	978	(201)	-	777	777	-	100.0%	348	348
Operating payments	590	317	-	907	907	-	100.1%	822	822
Venues and facilities	225	(2)	-	223	222	1	99.8%	2 487	2 487
Rental and hiring	11	(11)	-	-	-	-	-	91	91
Transfers and subsidies	-	55	-	55	55	-	99.2%	61	61
Households:	-	55	-	55	55	-	99.2%	61	61
- Social benefits	-	55	-	55	55	-	99.2%	61	61
Payments for capital assets	3 080	-	-	3 080	2 732	348	88.7%	3 048	3 048
Machinery and equipment	2 969	(1 204)	-	1 765	1 467	298	83.1%	2 977	2 977
Transport equipment	230	-	-	230	226	4	98.5%	-	-
Other machinery and equipment	2 739	(1 204)	-	1 535	1 240	295	80.8%	2 977	2 977
Software and other intangible assets	111	1 204	-	1 315	1 265	50	96.2%	71	71
Payment for financial assets	-	-	-	-	-	-	-	2	2
Total	89 237	43	3 151	92 431	90 416	2 015	97.8%	83 223	83 144



# APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Sub programme: 1.1: MINISTRY

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>21 344</b>	<b>(1 361)</b>	<b>-</b>	<b>19 983</b>	<b>18 323</b>	<b>1 661</b>	<b>91.7%</b>	<b>19 829</b>	<b>19 826</b>
Compensation of employees	15 236	(1 413)	-	13 823	12 162	1 661	88.0%	12 352	12 349
Salaries and wages	15 236	(2 595)	-	12 641	10 980	1 661	86.9%	11 209	11 206
Social contributions	-	1 182	-	1 182	1 182	-	100.0%	1 143	1 143
<b>Goods and services</b>	<b>6 108</b>	<b>52</b>	<b>-</b>	<b>6 160</b>	<b>6 160</b>	<b>-</b>	<b>100.0%</b>	<b>7 477</b>	<b>7 477</b>
Administrative fees	144	(25)	-	119	119	-	100.0%	136	136
Advertising	6	14	-	20	20	-	100.0%	-	-
Minor assets	3	(3)	-	-	-	-	-	-	-
Catering: Departmental activities	195	(130)	-	65	65	-	100.0%	27	27
Communication (G&S)	666	(42)	-	624	624	-	100.0%	517	517
Consultants: Business and advisory services	4	(4)	-	-	-	-	-	-	-
Contractors	90	(87)	-	3	3	-	100.0%	3	3
Entertainment	11	(11)	-	-	-	-	-	-	-
Fleet services (including government motor transport)	319	(129)	-	190	194	(4)	102.2%	630	630
Inventory	4	(4)	-	-	-	-	-	-	-
Consumable supplies	37	3	-	40	40	-	99.5%	33	33
Consumable: Stationery, printing and office supplies	615	(264)	-	351	351	-	100.0%	326	326
Operating leases	15	(15)	-	-	-	-	-	-	-
Transport provided: Departmental activity	19	(19)	-	-	-	-	-	-	-
Travel and subsistence	3 789	736	-	4 525	4 521	4	99.9%	5 537	5 537
Operating payments	170	37	-	207	207	-	100.0%	250	250

# APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	13	3	-	16	16	-	98.8%	18	18
Rental and hiring	8	(8)	-	-	-	-	-	-	-
Transfers and subsidies	-	7	-	7	7	-	97.6%	-	-
Households	-	7	-	7	7	-	97.6%	-	-
Social benefits	-	7	-	7	7	-	97.6%	-	-
Payments for capital assets	71	-	-	71	27	44	37.6%	334	334
Machinery and equipment	71	-	-	71	27	44	37.6%	334	334
Other machinery and equipment	71	-	-	71	27	44	37.6%	334	334
Total	21 415	(1 354)	-	20 061	18 355	1 706	91.5%	20 163	20 160



# APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Sub programme: 1.2: OFFICE OF THE DIRECTOR GENERAL

	2016/17								2015/16	
	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	
Economic classification										
Current payments	11 251	(515)	-	10 736	10 733	2	100.0%	14 455	14 455	
Compensation of employees	9 189	159	-	9 348	9 348	-	100.0%	8 272	8 272	
Salaries and wages	9 189	(509)	-	8 680	8 680	-	100.0%	7 482	7 482	
Social contributions	-	668	-	668	668	-	100.0%	790	790	
Goods and services	2 062	(674)	-	1 388	1 385	2	99.5%	6 183	6 183	
Administrative fees	57	50	-	107	107	-	100.0%	458	458	
Advertising	32	(32)	-	-	-	-	70.9%	-	-	
Catering: Departmental activities	105	(98)	-	7	7	-	94.7%	127	127	
Communication (G&S)	201	(76)	-	125	125	-	99.8%	20	20	
Computer services	22	115	-	137	137	-	99.8%	15	15	
Consultants: Business and advisory services	236	(25)	-	211	211	-	100.0%	154	154	
Contractors	6	(5)	-	1	1	-	100.1%	-	-	
Agency and support / outsourced services	197	55	-	252	251	-	99.8%	-	-	
Fleet services (including government motor transport)	9	(6)	-	3	3	-	88.8%	18	18	
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-	
Consumable supplies	11	6	-	17	17	-	100.0%	5	5	
Consumable: Stationery, printing and office supplies	103	(76)	-	27	27	-	99.0%	52	52	
Operating leases	73	(73)	-	-	-	-	-	-	-	
Travel and subsistence	711	(529)	-	182	182	-	100.0%	2 739	2 739	
Operating payments	88	23	-	111	111	-	100.1%	35	35	



## APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	207	-	-	207	207	-	99.9%	2 469	2 469
Rental and hiring	3	(3)	-	-	-	-	-	91	91
Transfers and subsidies	-	-	-	-	-	-	-	32	32
Households	-	-	-	-	-	-	-	32	32
Social benefits	-	-	-	-	-	-	-	32	32
Payments for capital assets	42	351	-	393	303	90	77.1%	91	91
Machinery and equipment	42	-	-	42	1	41	3.2%	91	91
Other machinery and equipment	42	-	-	42	1	41	3.2%	91	91
Software and other intangible assets	-	351	-	351	302	49	86.0%	-	-
Total	11 293	(164)	-	11 129	11 037	92	99.2%	14 578	14 578



# APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Sub programme: 1.3: CORPORATE MANAGEMENT SERVICES

	2016/17								2015/16	
	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	
Economic classification										
Current payments	43 026	2 070	3 151	48 247	48 244	3	100.0%	36 520	36 520	
Compensation of employees	14 828	1 084	-	15 912	15 912	-	100.0%	15 379	15 379	
Salaries and wages	14 828	(842)	-	13 986	13 986	-	100.0%	13 615	13 615	
Social contributions	-	1 926	-	1 926	1 926	-	100.0%	1 764	1 764	
Goods and services	28 198	986	3 151	32 335	32 333	3	100.0%	21 141	21 141	
Administrative fees	77	66	-	143	143	-	100.3%	32	32	
Advertising	-	382	-	382	382	-	99.9%	491	491	
Minor assets	1	(1)	-	-	-	-	-	3	3	
Bursaries: Employees	120	150	-	270	270	-	99.9%	209	209	
Catering: Departmental activities	57	(25)	-	32	32	-	100.0%	44	44	
Communication (G&S)	407	99	-	506	503	3	99.4%	510	510	
Computer services	118	(118)	-	-	-	-	-	75	75	
Consultants: Business and advisory services	376	(112)	-	264	264	-	100.0%	412	412	
Legal services	13 935	1 732	3 151	18 818	18 818	-	100.0%	6 636	6 636	
Contractors	116	(31)	-	85	85	-	99.7%	104	104	
Entertainment	1	(1)	-	-	-	-	-	-	-	
Fleet services (including government motor transport)	279	469	-	748	748	-	100.0%	247	247	
Inventory: Clothing material and accessories	2	(2)	-	-	-	-	-	-	-	
Inventory: Material and supplies	5	(4)	-	1	-	1	-	-	-	
Consumable supplies	58	(31)	-	27	28	(1)	102.2%	52	52	
Consumable: Stationery, printing and office supplies	304	(250)	-	54	54	-	100.0%	77	77	

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating leases	10 516	(1 275)	-	9 241	9 241	-	100.0%	10 924	10 924
Transport provided: Departmental activity	1	(1)	-	-	-	-	-	-	-
Travel and subsistence	607	(121)	-	486	486	-	100.1%	499	499
Training and development	978	(201)	-	777	777	-	100.0%	348	348
Operating payments	235	266	-	501	501	-	100.0%	478	478
Venues and facilities	5	(5)	-	-	-	-	-	-	-
Transfers and subsidies	-	28	-	28	28	-	100.3%	1	1
Households	-	28	-	28	28	-	100.3%	1	1
Social benefits	-	28	-	28	28	-	100.3%	1	1
Payments for capital assets	71	-	-	71	13	58	18.7%	97	97
Machinery and equipment	71	-	-	71	13	58	18.7%	97	97
Other machinery and equipment	71	-	-	71	13	58	18.7%	97	97
Total	43 097	2 098	3 151	48 346	48 285	61	99.9%	36 618	36 618



# APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Sub programme: 1.4: FINANCIAL MANAGEMENT

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	10 536	(206)	-	10 330	10 330	-	100.0%	9 308	9 232
Compensation of employees	6 551	115	-	6 666	6 666	-	100.0%	5 766	5 690
Salaries and wages	6 551	(748)	-	5 803	5 803	-	100.0%	5 055	4 979
Social contributions	-	863	-	863	863	-	100.0%	711	711
Goods and services	3 985	(321)	-	3 664	3 664	-	100.0%	3 542	3 542
Administrative fees	50	(10)	-	40	40	-	100.0%	81	81
Advertising	39	(39)	-	-	-	-	-	-	-
Minor assets	115	(71)	-	44	41	3	92.5%	169	169
Audit costs: External	2 781	(172)	-	2 609	2 609	-	100.0%	2 669	2 669
Catering: Departmental activities	9	(7)	-	2	2	-	100.0%	-	-
Communication (G&S)	49	(6)	-	43	43	-	100.0%	7	7
Computer services	249	(73)	-	176	176	-	100.0%	220	220
Contractors	2	(2)	-	-	-	-	-	-	-
Agency and support / outsourced services	11	18	-	29	29	-	100.0%	21	21
Fleet services (including government motor transport)	31	(31)	-	-	-	-	100.0%	3	3
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-
Consumable supplies	7	(6)	-	1	4	(3)	437.2%	1	1
Consumable: Stationery, printing and office supplies	228	(67)	-	161	161	-	100.0%	136	136
Operating leases	-	351	-	351	351	-	99.9%	-	-
Transport provided: Departmental activity	32	(32)	-	-	-	-	-	-	-
Travel and subsistence	284	(165)	-	119	119	-	100.0%	176	176
Operating payments	97	(9)	-	88	88	-	100.4%	59	59

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	-	20	-	20	20	-	98.4%	28	28
Households	-	20	-	20	20	-	98.4%	28	28
Social benefits	-	20	-	20	20	-	98.4%	28	28
Payments for capital assets	2 896	(351)	-	2 545	2 389	155	93.9%	2 526	2 526
Machinery and equipment	2 785	(853)	-	1 932	1 426	155	90.2%	2 455	2 455
Transport equipment	230	-	-	230	226	4	98.5%	-	-
Other machinery and equipment	2 555	(853)	-	1 702	1 550	152	91.1%	2 455	2 455
Software and other intangible assets	111	853	-	964	963	1	99.9%	71	71
Payment for financial assets								2	2
Total	13 432	(537)	-	12 895	12 739	156	98.8%	11 864	11 788





# APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Programme 2: GROWTH PATH AND SOCIAL DIALOGUE

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. GROWTH PATH AND JOB DRIVERS	21 482	-	(999)	20 483	19 715	768	96.2%	17 826	16 801
2. SOCIAL DIALOGUE, PRODUCTIVITY AND INNOVATION	11 593	-	(2 189)	9 404	8 082	1 322	85.9%	10 063	9 904
	33 075	-	(3 188)	29 887	27 797	2 090	93.0%	27 889	26 705
Economic classification									
Current payments	32 928	(10)	(3 188)	29 730	27 776	1 954	93.4%	26 129	24 945
Compensation of employees	27 872	(10)	-	27 862	25 909	1 953	93.0%	22 277	22 276
Salaries and wages	27 872	(2 706)	-	25 166	23 213	1 953	92.2%	20 204	20 203
Social contributions	-	2 696	-	2 696	2 696	-	100.0%	2 073	2 073
Goods and services	5 056	-	(3 188)	1 868	1 867	1	99.9%	3 852	2 669
Administrative fees	158	-	(129)	29	29	-	99.0%	96	44
Advertising	19	-	(19)	-	-	-	-	-	-
Minor assets	1	-	(1)	-	-	-	-	9	2
Catering: Departmental activities	447	-	(368)	79	78	1	99.1%	494	490
Communication (G&S)	235	-	(81)	154	153	1	99.4%	160	41
Computer services	541	-	(75)	466	466	-	100.0%	24	16
Consultants: Business and advisory services	256	-	(256)	-	-	-	-	266	266
Legal services	110	-	-	110	110	-	99.8%	-	-
Contractors	122	-	(115)	7	7	-	98.1%	349	349
Entertainment	5	-	(5)	-	-	-	-	-	-

# APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
Fleet services (including government motor transport	3	97	-	100	101	(1)	100.7%	10	10
Inventory: Clothing material and accessories	10	-	(10)	-	-	-	-	-	-
Consumable supplies	31	-	(27)	4	4	-	101.9%	7	6
Consumable: Stationery, printing and office supplies	234	-	(219)	15	15	-	101.3%	-	-
Property payments	4	-	(4)	-	-	-	-	-	-
Transport provided: Departmental activity	4	-	(3)	1	-	1	-	55	55
Travel and subsistence	1 408	126	(695)	839	840	(1)	100.1%	1 296	1 123
Operating payments	353	-	(292)	61	61	-	100.2%	170	54
Venues and facilities	1 011	(223)	(785)	3	3	-	98.0%	715	183
Rental and hiring	104	-	(104)	-	-	-	-	-	-
Transfers and subsidies	-	10	-	10	10	-	99.8%	90	90
Households	-	10	-	10	10	-	99.8%	90	90
Social benefits	-	10	-	10	10	-	99.8%	90	90
Payments for capital assets	147	-	-	147	12	135	7.9%	1 670	1 670
Machinery and equipment	147	-	-	147	12	135	7.9%	175	175
Other machinery and equipment	147	-	-	147	12	135	7.9%	175	175
Total	33 075	-	(3 188)	29 887	27 797	2 090	93.0%	27 889	26 705



# APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Sub programme: 2.1: GROWTH PATH AND JOB DRIVERS

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	21 420	(10)	(999)	20 411	19 698	713	96.5%	16 180	15 155
Compensation of employees	19 158	(10)	-	19 148	18 436	712	96.3%	14 249	14 249
Salaries and wages	19 158	(1 991)	-	17 167	16 455	712	95.9%	12 915	12 915
Social contributions	-	1 981	-	1 981	1 981	-	100.0%	1 334	1 334
Goods and services	2 262	-	(999)	1 263	1 262	1	99.9%	1 931	906
Administrative fees	86	-	(69)	17	17	-	100.8%	70	22
Advertising	11	-	(11)	-	-	-	-	-	-
Minor assets	-	-	-	-	-	-	-	9	2
Catering: Departmental activities	156	-	(115)	41	40	1	97.8%	36	32
Communication (G&S)	142	-	(31)	111	110	1	99.0%	92	6
Computer services	541	-	(75)	466	466	-	100.0%	24	16
Consultants: Business and advisory services	237	-	(237)	-	-	-	-	91	91
Legal services	110	-	-	110	100	-	99.8%	-	-
Contractors	68	-	(61)	7	7	-	98.1%	-	-
Entertainment	5	-	(5)	-	-	-	-	-	-
Fleet services (including government motor transport)	1	2	-	3	3	-	114.4%	6	6
Consumable supplies	19	-	(18)	1	1	-	139.8%	5	5
Consumable: Stationery, printing and office supplies	88	-	(84)	4	4	-	96.1%	140	1
Transport provided: Departmental activity	1	-	(1)	-	-	-	-	-	-
Travel and subsistence	238	221	-	459	459	-	100.1%	816	685
Operating payments	85	-	(44)	41	41	-	100.0%	99	29
Venues and facilities	468	(223)	(242)	3	3	-	98.0%	543	11

# APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Rental and hiring	6	-	(6)	-	-	-	-	-	-
Transfers and subsidies	-	10	-	10	10	-	99.8%	42	42
Households	-	10	-	10	10	-	99.8%	42	42
Social benefits	-	10	-	10	10	-	99.8%	42	42
Payments for capital assets	62	-	-	62	7	55	11.6%	1 604	1 604
Machinery and equipment	62	-	-	62	7	55	11.6%	109	109
Other machinery and equipment	62	-	-	62	7	55	11.6%	109	109
Software and other intangible assets								1 495	1 495
Total	21 482	-	(999)	20 483	19 715	768	96.2%	17 826	16 801



# APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Sub programme: 2.2: SOCIAL DIALOGUE, PRODUCTIVITY AND INNOVATION

Economic classification	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>11 508</b>	-	<b>(2 189)</b>	<b>9 319</b>	<b>8 078</b>	<b>1 241</b>	<b>86.7%</b>	<b>9 949</b>	<b>9 790</b>
Compensation of employees	8 714	-	-	8 714	7 473	1 241	85.8%	8 028	8 027
Salaries and wages	8 714	(715)	-	7 999	6 758	1 241	84.5%	7 289	7 288
Social contributions	-	715	-	715	715	-	100.1%	739	739
Goods and services	2 794	-	(2 189)	605	605	-	100.0%	1 921	1 763
Administrative fees	72	-	(60)	12	12	-	96.4%	26	22
Advertising	8	-	(8)	-	-	-	-	-	-
Minor assets	1	-	(1)	-	-	-	-	-	-
Catering: Departmental activities	291	-	(253)	38	38	-	100.5%	458	458
Communication (G&S)	93	-	(50)	43	43	-	100.4%	68	35
Consultants: Business and advisory services	19	-	(19)	-	-	-	-	175	175
Contractors	54	-	(54)	-	-	-	-	349	349
Fleet services (including government motor transport)	2	95	-	97	97	-	100.2%	4	4
Inventory: Clothing material and accessories	10	-	(10)	-	-	-	-	-	-
Consumable supplies	12	-	(9)	3	3	-	89.2%	2	1
Consumable: Stationery, printing and office supplies	146	-	(135)	11	11	-	103.3%	61	29
Property payments	4	-	(4)	-	-	-	-	-	-
Transport provided: Departmental activity	3	-	(2)	1	-	1	-	55	55
Travel and subsistence	1 170	(95)	(695)	380	380	-	100.1%	480	438
Operating payments	268	-	(248)	20	20	-	100.6%	71	25
Venues and facilities	543	-	(543)	-	-	-	-	172	172
Rental and hiring	98	-	(98)	-	-	-	-	-	-

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Economic classification	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	48	48
Households								48	48
Social benefits								48	48
<b>Payments for capital assets</b>	85	-	-	85	4	81	5.1%	66	66
Machinery and equipment	85	-	-	85	4	81	5.1%	66	66
Other machinery and equipment	85	-	-	85	4	81	5.1%	66	66
<b>Total</b>	<b>11 593</b>	<b>-</b>	<b>(2 189)</b>	<b>9 404</b>	<b>8 082</b>	<b>1 322</b>	<b>85.9%</b>	<b>10 063</b>	<b>9 904</b>





# APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Programme 3: INVESTMENT, COMPETITION AND TRADE

	2016/17							2015/16		
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure	
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
1. DEVELOPMENT INVESTMENT, INDUSTRIAL FUNDING AND ENTREPRENEURSHIP	220 875	(217)	(6)	220 652	220 620	32	100.0%	415 462	415 462	
2. COMPETITION, TRADE AND OTHER ECONOMIC REGULATION	319 536	(468)	-	319 068	318 146	922	99.7%	343 135	343 079	
2. INFRASTRUCTURE DEVELOPMENT COORDINATION	11 938	685	-	12 623	8 103	4 520	64.2%	16 069	5 343	
	552 349	-	(6)	552 343	546 869	5 474	99.0%	774 666	773 884	
Economic classification										
Current payments	23 399	-	(6)	23 393	18 060	5 333	77.2%	24 190	23 408	
Compensation of employees	20 319	-	-	20 319	14 993	5 326	73.8%	15 488	15 432	
Salaries and wages	20 319	(1 439)	-	18 880	13 554	5 326	71.8%	13 956	13 900	
Social contributions	-	1 439	-	1 439	1 439	-	100.0%	1 532	1 532	
Goods and services	3 080	-	(6)	3 074	3 066	8	99.8%	8 702	7 976	
Administrative fees	62	(33)	-	29	29	-	100.6%	44	43	
Advertising	46	(4)	-	42	42	-	100.0%	2 214	2 214	
Minor assets	-	-	-	-	-	-	-	8	-	
Catering: Departmental activities	74	(13)	-	61	61	-	99.9%	663	663	
Communication (G&S)	211	9	-	220	220	(1)	100.3%	35	35	
Consultants: Business and advisory services	937	410	(8)	1 341	1 332	9	99.3%	962	-	
Contractors	337	(337)	-	-	-	-	-	4	4	
Entertainment	5	(4)	-	1	-	1	-	-	-	

# APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services (including government motor transport	3	9	-	12	12	-	96.0%	9	9
Consumable supplies	9	(2)	-	7	8	(1)	117.4%	1	1
Consumable: Stationery, printing and office supplies	132	(84)	-	48	48	-	99.4%	107	82
Property payments	3	(3)	-	-	-	-	-	-	-
Travel and subsistence	858	(40)	-	818	818	-	100.0%	1 221	1 221
Training and development	2	29	-	31	31	-	100.0%	-	-
Operating payments	393	58	-	451	452	(1)	100.3%	111	111
Venues and facilities	1	12	-	13	13	-	101.2%	3 593	3 593
Rental and hiring	7	(7)	-	-	-	-	-	-	-
Transfers and subsidies	528 781	-	-	528 781	528 781	-	100.0%	750 245	750 245
Departmental agencies and accounts	315 657	-	-	315 657	315 657	-	100.0%	338 848	338 848
Departmental agencies (non – business entities)	315 657	-	-	315 657	315 657	-	100.0%	338 848	338 848
Public corporations and private enterprises	213 124	-	-	213 124	213 124	-	100.0%	411 397	411 397
Public corporations	213 124	-	-	213 124	213 124	-	100.0%	406 397	406 397
- Other transfers to public corporations	213 124	-	-	213 124	213 124	-	100.0%	406 397	406 397
Private enterprises	-	-	-	-	-	-	-	5 000	5 000
- Other transfers to private enterprises	-	-	-	-	-	-	-	5 000	5 000
Payments for capital assets	169	-	-	169	28	141	16.8%	231	231
Machinery and equipment	169	-	-	169	28	141	16.8%	231	231
Other machinery and equipment	169	-	-	169	28	141	16.8%	231	231
Total	552 349	-	(6)	552 343	546 869	5 474	99.0%	774 666	773 884



# APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Sub programme: 3.1: DEVELOPMENT INVESTMENT, INDUSTRIAL FUNDING AND ENTREPRENEURSHIP

	2016/17							2015/16	
	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
Economic classification									
Current payments	7 724	(217)	(6)	7 501	7 492	9	99.9%	9 018	9 018
Compensation of employees	6 583	356	-	6 939	6 939	-	100.0%	6 853	6 853
Salaries and wages	6 583	(324)	-	6 259	6 259	-	100.0%	6 141	6 141
Social contributions	-	680	-	680	680	-	100.1%	712	712
Goods and services	1 141	(573)	(6)	562	553	9	98.3%	2 165	2 165
Administrative fees	6	6	-	12	12	-	99.1%	22	22
Advertising	-	42	-	42	42	-	100.0%	-	-
Catering: Departmental activities	5	23	-	28	28	-	98.6%	79	79
Communication (G&S)	6	34	-	40	40	-	99.7%	8	8
Consultants: Business and advisory services	806	(791)	(6)	9	-	9	-	-	-
Entertainment	2	(1)	-	1	1	-	-	-	-
Fleet services (including government motor transport)	-	6	-	6	6	-	100.0%	3	3
Consumable supplies	1	(1)	-	-	-	-	-	-	-
Consumable: Stationery, printing and office supplies	-	15	-	15	15	-	-	16	16
Travel and subsistence	204	199	-	403	403	-	100.0%	547	547
Operating payments	110	(104)	-	5	6	(1)	111.8%	11	11
Venues and facilities	1	(1)	-	-	-	-	-	1 479	1 479
Transfers and subsidies	213 124	-	-	213 124	213 124	-	100.0%	406 397	406 397
Public corporations and private enterprises	213 124	-	-	213 124	213 124	-	100.0%	406 397	406 397
Public corporations	213 124	-	-	213 124	213 124	-	100.0%	406 397	406 397

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Economic classification	2016/17							2015/16	
	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
- Other transfers to public corporations	213 124	-	-	213 124	213 124	-	100.0%	406 397	406 397
<b>Payments for capital assets</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>4</b>	<b>23</b>	<b>15.2%</b>	<b>47</b>	<b>47</b>
Machinery and equipment	27	-	-	27	4	23	15.2%	47	47
Other machinery and equipment	27	-	-	27	4	23	15.2%	47	47
<b>Total</b>	<b>220 875</b>	<b>(217)</b>	<b>(6)</b>	<b>220 652</b>	<b>220 620</b>	<b>32</b>	<b>100.0%</b>	<b>415 462</b>	<b>415 462</b>



# APPROPRIATION STATEMENT

for the year ended 31 March 2017

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

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 839	(468)	-	3 371	2 487	884	73.8%	8 257	8 201
Compensation of employees	3 685	(356)	-	3 329	2 445	884	73.4%	3 394	3 338
Salaries and wages	3 685	(633)	-	3 052	2 168	884	71.0%	2 954	2 898
Social contributions	-	277	-	277	277	-	99.9%	440	440
Goods and services	154	(112)	-	42	42	-	101.0%	4 863	4 863
Administrative fees	3	(3)	-	-	-	-	-	3	3
Advertising	-	-	-	-	-	-	-	2 214	2 214
Catering: Departmental activities	2	4	-	6	6	-	105.5%	484	484
Communication (G&S)	14	(8)	-	6	7	(1)	113.4%	2	2
Fleet services (including government motor transport)	-	1	-	1	1	-	50.7%	-	-
Consumable supplies	-	1	-	1	1	-	100.6%	-	-
Consumable: Stationery, printing and office supplies	-	16	-	16	16	-	98.3%	-	-
Travel and subsistence	133	(121)	-	12	12	-	98.0%	96	96
Operating payments	2	(2)	-	-	-	-	-	-	-
Venues and facilities	-	-	-	-	-	-	-	2 064	2 064
Transfers and subsidies	315 657	-	-	315 657	315 657	-	100.0%	334 848	334 848
Departmental agencies and accounts	315 657	-	-	315 657	315 657	-	100.0%	334 848	334 848
Departmental agencies (non – business entities)	315 657	-	-	315 657	315 657	-	100.0%	334 848	334 848
Payments for capital assets	40	-	-	40	1	39	3.4%	30	30
Machinery and equipment	40	-	-	40	1	39	3.4%	30	30
Other machinery and equipment	40	-	-	40	1	39	3.4%	30	30
Total	319 536	(468)	-	319 068	318 146	922	99.7%	343 135	343 079

Venues and facilities incorrectly printed as R 1 828 instead of R 2 064 in the 2015/16 Annual Report

# APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Sub programme: 3.3: INFRASTRUCTURE DEVELOPMENT COORDINATION

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	11 836	685	-	12 521	8 080	4 441	64.5%	6 915	6 189
Compensation of employees	10 051	-	-	10 051	5 609	4 442	55.8%	5 241	5 241
Salaries and wages	10 051	(482)	-	9 569	5 127	4 442	53.6%	4 861	4 861
Social contributions	-	482	-	482	482	-	100.1%	380	380
Goods and services	1 785	685	-	2 470	2 471	(1)	100.1%	1 674	948
Administrative fees	53	(37)	-	16	16	-	102.9%	19	18
Advertising	46	(46)	-	-	-	-	-	-	-
Minor assets	-	-	-	-	-	-	-	8	-
Catering: Departmental activities	67	(40)	-	27	27	-	100.0%	100	100
Communication (G&S)	191	(18)	-	173	173	-	100.0%	25	25
Consultants: Business and advisory services	131	1 201	-	1 332	1 332	-	100.0%	692	-
Contractors	337	(337)	-	-	-	-	-	4	4
Entertainment	3	(3)	-	-	-	-	-	-	-
Fleet services (including government motor transport	3	3	-	6	6	-	100.0%	6	6
Consumable supplies	8	(2)	-	6	6	-	112.2%	1	1
Consumable: Stationery, printing and office supplies	132	(115)	-	17	17	-	100.0%	91	66
Property payments	3	(3)	-	-	-	-	-	-	-
Travel and subsistence	521	(118)	-	403	403	-	100.1%	578	578
Training and development	2	29	-	31	31	-	99.3%	-	-
Operating payments	281	165	-	445	446	(1)	100.2%	100	100
Venues and facilities	-	13	-	13	13	-	101.2%	50	50





# APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17							2015/16	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Rental and hiring	7	(7)	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	9 000	9 000
Departmental agencies and accounts	-	-	-	-	-	-	-	4 000	4 000
Departmental agencies (non – business entities)	-	-	-	-	-	-	-	4 000	4 000
Public corporations and private enterprises	-	-	-	-	-	-	-	5 000	5 000
Private enterprises	-	-	-	-	-	-	-	5 000	5 000
- Other transfers to private enterprises	-	-	-	-	-	-	-	5 000	5 000
Payments for capital assets	102	-	-	102	23	79	22.5%	154	154
Machinery and equipment	102	-	-	102	23	79	22.5%	154	154
Other machinery and equipment	102	-	-	102	23	79	22.5%	154	154
Total	11 938	685	-	12 623	8 103	4 520	64.2%	16 069	15 343



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2017

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

Detail of these transactions can be viewed in the note 7 on Transfers and subsidies and Annexure 1A to 1C to the Annual Financial Statement

## 2. Details of specifically and exclusively appropriated amount voted (after Virement):

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

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

3.1. Per programme	Final appropriation R'000	Actual expenditure R'000	Variance	Variance as a % of final appropriation R'000
1. Administration	92 388	90 416	1 972	2.13%
Variance is on Compensation of Employees due to capping of CoE budget by National Treasury.				
2. Growth Path and Social Dialogue	29 924	27 797	2 127	7.11%
Variance is on Compensation of Employees due to capping of CoE budget by National Treasury.				
3. Investment, Competition and Trade	552 349	546 869	5 480	0.99%
Variance is on Compensation of Employees due to capping of CoE budget by National Treasury.				

3.2. Per economic classification:	Final appropriation R'000	Actual expenditure R'000	Variance	Variance as a % of final appropriation R'000
<b>Current expenditure</b>				
Compensation of employees	93 930	84 990	8 940	9.52%
Goods and services	48 489	48 426	63	0.13%
<b>Transfers and subsidies</b>				
Departmental agencies and accounts	315 657	315 657	-	0.00%
Public corporations and private enterprises	213 124	213 124	-	0.00%
Households	65	65	-	0.00%
<b>Payments for capital assets</b>				
Machinery and equipment	2 432	1 858	574	23.62%
Software and other intangible assets	964	963	1	0.06%
The main variance is on Compensation of Employees (COE) as the filling of posts has been adjusted due to the capping of COE budget and the headcount reduction/ payroll management strategy.				



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>REVENUE</b>			
Annual appropriation	1	674 661	885 778
Departmental revenue	2	137 336	50 296
Aid assistance	3	2 541	5 682
<b>TOTAL REVENUE</b>		<b>814 538</b>	<b>941 756</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	84 990	79 398
Goods and services	5	48 426	48 988
<b>Total current expenditure</b>		<b>133 416</b>	<b>128 386</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	7	528 846	750 396
Aid assistance	3	1 270	5 682
<b>Total transfers and subsidies</b>		<b>530 116</b>	<b>756 078</b>
<b>Expenditure for capital assets</b>			
Tangible assets	8	1 507	3 383
Intangible	8	1 265	1 566
<b>Total expenditure for capital assets</b>		<b>2 772</b>	<b>4 949</b>
Payments for financial assets	6	-	2
<b>TOTAL EXPENDITURE</b>		<b>666 353</b>	<b>889 415</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>148 185</b>	<b>52 341</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds		9 578	2 045
Annual appropriation		9 578	2 045
Departmental revenue and NRF Receipts	14	137 336	50 296
Aid assistance	3	1 271	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>148 185</b>	<b>52 341</b>



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>ASSETS</b>			
<b>Current Assets</b>		<b>11 111</b>	<b>52 281</b>
Cash and cash equivalents	9	10 699	51 804
Prepayments and advances	10	315	393
Receivables	11	97	84
<b>Non - Current Assets</b>		<b>1 393 002</b>	<b>1 392 969</b>
Investments	12	1 392 969	1 392 969
Receivables	11	33	-
<b>TOTAL ASSETS</b>		<b>1 404 113</b>	<b>1 445 250</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>11 144</b>	<b>52 281</b>
Voted funds to be surrendered to the revenue fund	13	9 578	2 045
Departmental revenue and NRF receipts to be surrendered to the Revenue Fund	14	1	50 145
Payables	15	294	91
Aid assistance unutilised	3	1 271	-
<b>TOTAL LIABILITIES</b>		<b>11 144</b>	<b>52 281</b>
<b>NET ASSETS</b>		<b>1 392 969</b>	<b>1 392 969</b>
<b>Represented by:</b>			
Capitalisation reserve		1 392 969	1 392 969
<b>TOTAL</b>		<b>1 392 969</b>	<b>1 392 969</b>



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**STATEMENT OF CHANGES IN NET ASSETS**

for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>NET ASSETS</b>			
<b>Capitalisation Reserve</b>			
Opening balance		1 392 969	1 392 969
Closing balance		1 392 969	1 392 969
<b>Recoverable revenue</b>			
Opening balance		-	73
Transfers		-	(73)
Debts revised		-	(16)
Debts recovered (Included in departmental receipts)		(13)	(57)
Debts raised		13	-
Closing balance		-	-
<b>TOTAL</b>		<b>1 392 969</b>	<b>1 392 969</b>



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# CASH FLOW STATEMENT

for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>794 538</b>	<b>891 756</b>
Annual appropriated funds received	1.1	674 661	885 778
Departmental revenue received	2	117 077	18
Interest received	2.3	259	278
Aid assistance received	3	2 541	5 682
Net (Increase)/ decrease in working capital		235	39
Surrendered to Revenue Fund		(189 525)	(2 382)
Current payments		(133 465)	(128 386)
Payments for financial assets		-	(2)
Transfers and subsidies paid		(530 116)	(756 078)
<b>Net cash flow available from operating activities</b>	<b>16</b>	<b>(58 333)</b>	<b>4 947</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	8	(2 772)	(4 949)
<b>Nets cash flows from investing activities</b>		<b>(2 772)</b>	<b>(4 949)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		20 000	50 000
Increase/ (decrease) in net assets		-	(73)
<b>Net cash flows from financing activities</b>		<b>20 000</b>	<b>49 927</b>
Net increase/ (decrease) in cash and cash equivalents		(41 105)	49 925
Cash and cash equivalents at beginning of period		51 804	1 879
<b>Cash and cash equivalents at end of period</b>	<b>17</b>	<b>10 699</b>	<b>51 804</b>



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**ACCOUNTING POLICIES**

for the year ended 31 March 2017

**Summary of significant accounting policies**

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

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

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

<b>1</b>	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard.
<b>2</b>	<b>Going concern</b> The financial statements have been prepared on a going concern basis.
<b>3</b>	<b>Presentation currency</b> Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
<b>4</b>	<b>Rounding</b> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
<b>5</b>	<b>Foreign currency translation</b> Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
<b>6</b>	<b>Comparative information</b>
<b>6.1</b>	<b>Prior period comparative information</b> Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
<b>6.2</b>	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<b>Appropriated funds</b> Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).  Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.  The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
<b>7.2</b>	<b>Departmental revenue</b> Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.  Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# ACCOUNTING POLICIES

for the year ended 31 March 2017

<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy</p>
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
<b>8.2</b>	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
<b>8.3</b>	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.</p> <p>Accruals and payables not recognised are measured at cost.</p>
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<p><b>Operating leases</b></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>8.4.2</b>	<p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>

## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**ACCOUNTING POLICIES**

for the year ended 31 March 2017

<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<p><b>Aid assistance received</b> Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
<b>9.2</b>	<p><b>Aid assistance paid</b> Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
<b>10</b>	<p><b>Cash and cash equivalents</b> Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>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.</p>
<b>11</b>	<p><b>Prepayments and advances</b> Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments are expensed when the relevant supporting documents are received</p>
<b>12</b>	<p><b>Loans and receivables</b> Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
<b>13</b>	<p><b>Investments</b> Investments are recognised in the statement of financial position at cost.</p>
<b>14</b>	<p><b>Impairment of financial assets</b> Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
<b>15</b>	<p><b>Payables</b> Loans and payables are recognised in the statement of financial position at cost.</p>
<b>16</b>	<b>Capital Assets</b>
<b>16.1</b>	<p><b>Immovable capital assets</b> Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register.</p> <p>Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# ACCOUNTING POLICIES

for the year ended 31 March 2017

16.2	<p><b>Movable capital assets</b></p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
16.3	<p><b>Intangible assets</b></p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
17	<p><b>Provisions and Contingents</b></p>
17.1	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p><b>Contingent liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
17.3	<p><b>Commitments</b></p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
18	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>

## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**ACCOUNTING POLICIES**

for the year ended 31 March 2017

19	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p><b>Irregular expenditure</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p><b>Changes in accounting policies, accounting estimates and errors</b></p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
23	<p><b>Capitalisation reserve</b></p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
24	<p><b>Recoverable revenue</b></p> <p>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.</p>
25	<p><b>Related party transactions</b></p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## 1. Annual appropriation

### 1.1 Annual appropriation

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

Programmes	2016/17			2015/16	
	Final Appropriation	Funds Received	Funds not Requested/ Not received	Final Appropriation	Appropriation Received
	R'000	R'000	R'000	R'000	R'000
Administration	92 388	92 388	-	83 223	83 223
Growth Path and Social Dialogue	29 924	29 924	-	27 889	27 889
Investment, Competition and Trade	552 349	552 349	-	774 666	774 666
<b>Total</b>	<b>674 661</b>	<b>674 661</b>	<b>-</b>	<b>885 778</b>	<b>885 778</b>

## 2. Departmental revenue

	Note	2016/17 R'000	2015/16 R'000
Sales of goods and services other than capital assets	2.1	30	35
Fines, penalties and forfeits	2.2	117 000	-
Interest, dividends and rent on land	2.3	20 259	50 278
Transactions in financial assets and liabilities	2.4	47	(17)
<b>Departmental revenue collected</b>		<b>137 336</b>	<b>50 296</b>

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

	Note	2016/17 R'000	2015/16 R'000
Sales of goods and services produced by the department	2	30	29
Sales by market establishment		17	18
Other sales		13	11
Sales of scrap, waste and other used current goods		-	6
<b>Total</b>		<b>30</b>	<b>35</b>

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

Other sales comprise commission charged on the deduction of insurance premium.



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2017

**2.2 Fines, penalties and forfeits**

	Note	2016/17 R'000	2015/16 R'000
Penalties received	2	117 000	-
<b>Total</b>		<b>117 000</b>	<b>-</b>

Payment received from construction company in accordance with the construction settlement agreement in terms of paragraph 4 of chapter 4 of the modified cash statement (MCS).

**2.3 Interest dividends and rent on land**

	Note	2016/17 R'000	2015/16 R'000
Interest	2	259	278
Dividends	2	20 000	50 000
<b>Total</b>		<b>20 259</b>	<b>50 278</b>

Dividends were received from the IDC, a wholly owned subsidiary of the EDD as part of investment and transferred to the National Revenue Fund via EDD. The board declared and paid R20 million of dividends.

**2.4 Transactions in financial assets and liabilities**

	Note	2016/17 R'000	2015/16 R'000
Other Receipts including Recoverable Revenue	2	47	(17)
<b>Total</b>		<b>47</b>	<b>(17)</b>

**2.5 Cash received not recognised (not included in the main note) – 2016/17**

Name of entity	Amount Received R'000	Amount paid to Revenue Fund R'000	Balance R'000
Competition Commission	248 229	247 982	247
<b>Total</b>	<b>248 229</b>	<b>247 982</b>	<b>247</b>

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

Name of entity	Amount Received R'000	Amount paid to Revenue Fund R'000	Balance R'000
Competition Commission	676 495	675 445	1 050
<b>Total</b>	<b>676 495</b>	<b>675 445</b>	<b>1 050</b>

The EDD no longer reports on penalties collected by the Competition Commission on behalf of the National Revenue Fund in line with the reporting requirement reflected in the Accounting Manual for Departments on Revenue issued by the Office of the Accountant General. During the current financial year R248.229 million was received from Competition Commission for fines and penalties imposed by the Competition Tribunal which is not recognised as Departmental Revenue. Only R247.982 million was paid to the National Revenue Fund by year end. Similarly for the 2015/16 financial year, EDD had disclosed R676.495 million.



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## 3. Aid assistance

	Note	2016/17 R'000	2015/16 R'000
Opening Balance		-	-
Prior period error		-	-
As restated		-	-
Transferred from statement of financial performance		1 271	-
Transferred to/from retained funds		-	-
Paid during the year		-	-
<b>Closing balance</b>		<b>1 271</b>	<b>-</b>

### 3.1 Analysis of balance by source

	Note	2016/17 R'000	2015/16 R'000
Aid assistance unutilised	3	1 271	-
<b>Closing balance</b>		<b>1 271</b>	<b>-</b>

### 3.2 Analysis of balance by source

	Note	2016/17 R'000	2015/16 R'000
Aid assistance from other sources	3	1 271	-
<b>Closing balance</b>		<b>1 271</b>	<b>-</b>

The EDD facilitated funding for the feasibility study on the Dimbaza Steel Mill (R2.541 million) through **the dti**, R2.541 million was received and only R1.271 million has been transferred to the beneficiaries. Transfer of the remaining balance awaiting phase three report.



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2017

**4. Compensation of employees****4.1 Salaries and wages**

	Note	2016/17 R'000	2015/16 R'000
Basic salary		56 226	52 948
Performance award		1 384	1 019
Service based		154	116
Compensative/circumstantial		3 030	2 101
Other non-pensionable allowances		15 422	15 201
<b>Total</b>		<b>76 216</b>	<b>71 385</b>

Other non – pensionable allowance comprises of car allowance and other benefits structured as part of salary packages for employees on level 11 and higher.

Compensative/circumstantial includes acting allowance paid during the year

**4.2 Social Contributions**

	Note	2016/17 R'000	2015/16 R'000
Employer contributions			
Pension		7 199	6 451
Medical		1 566	1 554
Bargaining council		9	8
<b>Total</b>		<b>8 774</b>	<b>8 013</b>

<b>Total compensation of employees</b>	<b>84 990</b>	<b>79 398</b>
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<b>Average number of employees</b>	<b>118</b>	<b>116</b>
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118 excludes Minister and Deputy Minister



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## 5. Goods and services

	Note	2016/17 R'000	2015/16 R'000
Administrative fees		467	794
Advertising		444	2 706
Minor assets	5.1	41	174
Bursaries (employees)		270	209
Catering		244	1 351
Communication		1 669	1 129
Computer services	5.2	779	326
Consultants: Business and advisory services		1 807	832
Legal services		18 927	6 636
Contractors		96	461
Agency and support / outsourced services		280	21
Audit cost – external	5.3	2 609	2 669
Fleet services		1 058	917
Consumables	5.4	757	801
Operating lease		9 592	10 924
Rental and hiring		-	90
Transport provided as part of the departmental activities		-	55
Travel and subsistence	5.5	6 967	11 295
Venues and facilities		239	6 263
Training and development		808	349
Other operating expenditure	5.6	1 421	986
<b>Total</b>		<b>48 475</b>	<b>48 988</b>

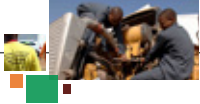
Legal fees increased due to the EDD participating in matters relating to the public interest concerns.

### 5.1 Minor assets

	Note	2016/17 R'000	2015/16 R'000
Tangible assets	5	41	174
Machinery and equipment		41	174
<b>Total</b>		<b>41</b>	<b>174</b>

### 5.2 Computer services

	Note	2016/17 R'000	2015/16 R'000
SITA computer services	5	177	248
External computer service providers		602	78
<b>Total</b>		<b>779</b>	<b>326</b>



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2017

**5.3 Audit cost**

	Note	2016/17 R'000	2015/16 R'000
Regularity audits	5	2 609	2 669
<b>Total</b>		<b>2 609</b>	<b>2 669</b>

**5.4 Consumables**

	Note	2016/17 R'000	2015/16 R'000
Consumable supplies	5	101	98
Household supplies		68	44
Building material and supplies		7	3
Communication accessories		3	1
IT consumables		17	7
Other consumables		6	43
Stationery, printing and office supplies		656	703
<b>Total</b>		<b>757</b>	<b>801</b>

**5.5 Travel and subsistence**

	Note	2016/17 R'000	2015/16 R'000
Local	5	6 388	10 440
Foreign		579	855
<b>Total</b>		<b>6 967</b>	<b>11 295</b>

**5.6 Other operating expenditure**

	Note	2016/17 R'000	2015/16 R'000
Professional bodies, membership and subscription fees		60	-
Resettlement costs		169	4
Other		1 192	982
<b>Total</b>		<b>1 421</b>	<b>986</b>

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

Resettlement costs relate to relocation cost for new appointees.



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## 6. Payment for financial assets

	Note	2016/17 R'000	2015/16 R'000
Debts written off	6.1	-	2
<b>Total</b>		<b>-</b>	<b>2</b>

### 6.1 Debts written off

	Note	2016/17 R'000	2015/16 R'000
Other debts written off (Tax debt)	6	-	2
<b>Total</b>		<b>-</b>	<b>2</b>

No debts were written off during the year

## 7. Transfers and subsidies

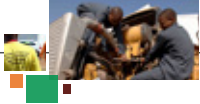
	Note	2016/17 R'000	2015/16 R'000
Departmental agencies and accounts	Annex 1A	315 657	338 848
Public corporations and private enterprises	Annex 1B	213 124	411 397
Households	Annex 1C	65	151
<b>Total</b>		<b>528 846</b>	<b>750 396</b>

All funds received were transferred to the entities accordingly. Furthermore, all entities utilise all funds transferred to them.

## 8. Expenditure for capital assets

	Note	2016/17 R'000	2015/16 R'000
<b>Tangible assets</b>		<b>1 507</b>	<b>3 383</b>
Machinery and equipment	27	1 507	3 383
<b>Intangible assets</b>		<b>1 265</b>	<b>1 566</b>
Software	28	1 265	1 566
<b>Total</b>		<b>2 772</b>	<b>4 949</b>





## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2017

**8.1 Analysis of funds utilised to acquire capital assets 2016/17**

	Voted funds R'000	Aid assistance R'000	TOTAL R'000
<b>Tangible assets</b>	1 507	-	1 507
Machinery and equipment	1 507	-	1 507
<b>Intangible assets</b>	1 265	-	1 265
Software	1 265	-	1 265
<b>Total</b>	<b>2 772</b>	<b>-</b>	<b>2 772</b>

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

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

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

	Note	2016/17 R'000	2015/16 R'000
Machinery and equipment	8	626	1 403
<b>Total</b>		<b>626</b>	<b>1 403</b>

Finance lease consist of lease for cellphones and photocopy machines contracts

**9. Cash and Cash equivalents**

	Note	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account		10 368	51 716
Cash on hand		24	24
Investments (Domestic)		307	64
<b>Total</b>		<b>10 699</b>	<b>51 804</b>

The R24 thousand is the standing petty cash.

Consolidated Paymaster General Account includes R9.578 million of unspent funds still to be surrendered to National Treasury.

Investments (Domestic) comprises of R60 thousand received from Department of Water and Sanitation, and R247 thousand received from Competition Commission, still to be paid to National Treasury.



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## 10. Prepayments and Advances

	Note	2016/17 R'000	2015/16 R'000
Advances paid	10.1	315	393
<b>Total</b>		<b>315</b>	<b>393</b>

### 10.1 Advances paid

	Note	2016/17 R'000	2015/16 R'000
National departments	Annex 7	315	393
<b>Total</b>		<b>315</b>	<b>393</b>

Advance paid relates to advance payments paid to the Department of International Relations and Cooperation for cost incurred by the EDD's officials travelling abroad.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### 11. Receivables

	2016/17			2015/16		
	Current R'000	Non - Current R'000	Total R'000	Current R'000	Non - Current R'000	Total R'000
Claims recoverable	97	-	97	8	-	8
Recoverable expenditure	-	-	-	4	-	4
Staff debt	-	33	33	72	-	72
<b>Total</b>	<b>97</b>	<b>33</b>	<b>130</b>	<b>84</b>	<b>-</b>	<b>84</b>

Note

11.1; Annex 4

11.2

11.3

#### 11.1 Claims recoverable

	2016/17 R'000	2015/16 R'000
National departments	97	8
<b>Total</b>	<b>97</b>	<b>8</b>

Note

11

#### 11.2 Recoverable expenditure

	2016/17 R'000	2015/16 R'000
Excess (Accident)	-	1
GEPF (Government Employees Pension Fund)	-	3
<b>Total</b>	<b>-</b>	<b>4</b>

Note

11



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## 11.3 Staff debt

	Note	2016/17 R'000	2015/16 R'000
Private telephone (Cellphone)	11	8	14
Salary overpayment (out of service)		6	39
GG Accident		19	19
<b>Total</b>		<b>33</b>	<b>72</b>

Debt to the value of R 19 thousand has been handed over to the State Attorney.

## 12. Investment

	Note	2016/17 R'000	2015/16 R'000
Non - current Shares and other equity			
List investments at cost			
IDC A Shares 1 000 000 at cost(100% shareholding)		1 000	1 000
IDC B Share 1 391 969 357 at cost(100% shareholding)		1 391 969	1 391 969
<b>Total</b>		<b>1 392 969</b>	<b>1 392 969</b>

### Analysis of non - current investments

	Note	2016/17 R'000	2015/16 R'000
Opening balance		1 392 969	1 392 969
Closing balance		1 392 969	1 392 969

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

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

	Note	2016/17 R'000	2015/16 R'000
Opening balance		2 045	1 948
As restated		2 045	1 948
Transfer from statement of financial performance		9 578	2 045
Paid during the year		(2 045)	(1 948)
<b>Closing balance</b>		<b>9 578</b>	<b>2 045</b>



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2017

**14. Departmental revenue and NRF receipts to be surrendered to the Revenue Fund**

	Note	2016/17 R'000	2015/16 R'000
Opening balance		50 145	283
As restated		50 145	283
Transfer from statement of financial performance		137 336	50 296
Paid during the year		(187 480)	(434)
<b>Closing balance</b>		<b>1</b>	<b>50 145</b>

**15. Payable - current**

	Note	2016/17 R'000	2015/16 R'000
Amounts owing to other entities		42	-
Clearing accounts	15.1	5	53
Other payables	15.2	247	38
<b>Total</b>		<b>294</b>	<b>91</b>

**15.1 Clearing accounts**

	Note	2016/17 R'000	2015/16 R'000
SARS (PAYE)	15	5	53
<b>Total</b>		<b>5</b>	<b>53</b>

**15.2 Other payable**

	Note	2016/17 R'000	2015/16 R'000
DIRCO	15	-	38
National Treasury – NRF		247	-
<b>Total</b>		<b>247</b>	<b>38</b>

National Treasury – NRF relates to penalties collected by the Competition Commission still to be paid to National Revenue Fund.



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## 16. Net cash flow available from operating activities

	2016/17 R'000	2015/16 R'000
<b>Net cash flow available from operating activities</b>		
Net surplus/(deficit as per statement of financial performance)	148 185	52 341
Add back non cash/cash movements not deemed operating activities	(206 518)	(47 394)
(Increase)/decrease in receivables - current	(46)	308
(Increase)/decrease in prepayments and advances	78	(285)
Increase/(decrease) in payable - current	203	(16)
Expenditure on capital assets	2 772	4 949
Surrenders to Revenue Fund	(189 525)	(2 382)
Other non – cash items	(20 000)	(50 000)
<b>Net cash flow generated by operating activities</b>	<b>(58 333)</b>	<b>4 947</b>

## 17. Reconciliation of cash and cash equivalents for cash flow purpose

	Note	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account		10 368	51 716
Cash on hand		24	24
Cash with commercial banks (local)		307	64
<b>Total</b>		<b>10 699</b>	<b>51 804</b>

The R24 thousand is the standing petty cash.

Consolidated Paymaster General Account includes R9.578 million of unspent funds still to be surrendered to National Treasury.

Cash with commercial banks (local) comprises of R60 thousand received from Department of Water and Sanitation, and R247 thousand received from Competition Commission, still to be paid to National Treasury.

## 18. Contingent liabilities and contingent assets

### 18.1 Contingent liabilities

	Note	2016/17 R'000	2015/16 R'000
<b>Liable to Nature</b>			
Other guarantees	Annex 3A	137 814	242 568
Intergovernmental payables (unconfirmed balances)	Annex 5	60	455
<b>Total</b>		<b>137 874</b>	<b>243 023</b>

R455 thousand for Intergovernmental payables (unconfirmed balances) was erroneously not disclosed on 2015/16 Annual Financial Statements.





## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2017

**19. Commitments**

	Note	2016/17 R'000	2015/16 R'000
<b>Current expenditure</b>		<b>2 018</b>	<b>3 149</b>
Approved and contracted		2 018	3 149
<b>Capital expenditure</b>		<b>21</b>	<b>1 272</b>
Approved and contracted		21	1 272
<b>Total</b>		<b>2 039</b>	<b>4 421</b>

Commitments include commitment to the National School of Government, SITA and Protea Coin, to the value of R 168 thousand

**20. Payables not recognised**

Listed by economic classification	2016/17			2015/16
	30 Days R'000	30 + days R'000	Total R'000	Total R'000
Goods and services	8 541	1 332	9 873	924
Capital assets	54	96	150	226
Others	311	54	365	29
<b>Total</b>	<b>8 906</b>	<b>1 481</b>	<b>10 387</b>	<b>1 179</b>

Others relates to compensation of employees

	Note	2016/17 R'000	2015/16 R'000
<b>Listed by programme level</b>			
Programme 1: Administration		9 640	1 109
Programme 2: Growth path and social dialogue		340	28
Programme 3: Investment, competition and trade		407	42
<b>Total</b>		<b>10 387</b>	<b>1 179</b>

Payables not recognised are raised as and when goods or services are received by the department, payment has not yet been made to the other entity hence invoice has been received.

	Note	2016/17 R'000	2015/16 R'000
<b>Included in the above totals are the following:</b>			
Confirmed balances with departments	Annex 5	7 832	28
Confirmed balances with other government entities	Annex 5	63	-
<b>Total</b>		<b>7 895</b>	<b>28</b>



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## 21. Employee benefits

Listed by programme level	Note	2016/17 R'000	2015/16 R'000
Leave entitlement		2 709	2 008
Service bonus (Thirteenth cheque)		1 534	1 429
Performance awards		1 410	-
Capped leave commitments		656	629
<b>Total</b>		<b>6 309</b>	<b>4 066</b>

Leave entitlement include negative values to the value of R100 thousand, this is due to an over – grant of leave taken as employees are given full leave credits in January of each year while the information in the financial statements is based on the leave accruals as at 31 March 2017.

Performance award has been calculated on 1.5% of the budgeted compensation of employees.

## 22. Finance lease expenditure

2016/17	Specialised Military Assets R'000	Land R'000	Buildings And other Fixed Structure R'000	Machinery And Equipment R'000	Total R'000
Not later than 1 year				797	797
Later than 1 year and not later than 5 years				385	385
<b>Total lease commitments</b>				<b>1 182</b>	<b>1 182</b>

2015/16	Specialised Military Assets R'000	Land R'000	Buildings And other Fixed Structure R'000	Machinery And Equipment R'000	Total R'000
Not later than 1 year	-	-	-	1 104	1 104
Later than 1 year and not later than 5 years	-	-	-	548	548
<b>Total lease commitments</b>	-	-	-	<b>1 652</b>	<b>1 652</b>

Finance lease consists of lease for cellphones and photocopy machines contracts



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2017

**23. Irregular expenditure****23.1 Reconciliation of irregular expenditure**

	2016/17 R'000	2015/16 R'000
Opening balance	175	213
As restated	175	213
Add: Irregular expenditure – relating to current year	348	175
Less: Prior year amounts condoned	-	(137)
Less: Current year amounts condoned	(98)	-
Less: Amounts not condoned and not recoverable	-	(76)
<b>Irregular expenditure awaiting condonation</b>	<b>425</b>	<b>175</b>

R226 thousand paid during this financial year was incorrectly disclosed as irregular in the year 2015/16 and it has been corrected this year.

Legal fees paid during the year is under review by National Treasury to determine whether or not it is irregular in hand of the EDD.

	2016/17 R'000	2015/16 R'000
Analysis of awaiting condonation per age classification		
Current year	250	175
Prior years	175	-
<b>Irregular expenditure awaiting condonation</b>	<b>425</b>	<b>175</b>

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

Incident	Disciplinary steps taken/ Criminal proceeding	2016/17 R'000
Deviating from SCM processes	None	226
Splitting purchase order to avoid SCM processes	None	122
<b>Total</b>		<b>348</b>

**23.3 Details of irregular expenditure condoned**

Incident	Condoned by	2016/17 R'000
Splitting purchase order to avoid SCM processes	Accounting officer	98
<b>Total</b>		<b>98</b>



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## 23.4 Prior period error

Relating to 2015/16	2015/16 R'000
Add: Irregular expenditure – relating to current year	(226)
<b>Total</b>	<b>(226)</b>

## 24. Fruitless and wasteful expenditure

### 24.5 Reconciliation of fruitless and wasteful expenditure

	2016/17 R'000	2015/16 R'000
Opening balance	-	-
As restated	-	-
Add: Irregular expenditure – relating to current year	50	-
<b>Irregular expenditure awaiting condonation</b>	<b>50</b>	<b>-</b>

### 24.2 Analysis of awaiting resolution per economic classification

	2016/17 R'000	2015/16 R'000
Current	50	-
<b>Total</b>	<b>50</b>	<b>-</b>

### 24.5 Analysis of current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/ Criminal proceeding	2016/17 R'000
Catering services provided for re – schedule meeting	None	1
Damage of rental car	None	1
Payment for a cancelled trip	None	13
Cancellation fees	None	35
<b>Total</b>		<b>50</b>



## ECONOMIC DEVELOPMENT DEPARTMENT VOTE 28

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2017

**25. Related party transactions**

	Note	2016/17 R'000	2015/16 R'000
<b>Revenue received</b>			
Interest, dividends and rent on land		20 000	50 000
<b>Total</b>		<b>20 000</b>	<b>50 000</b>
	Note	2016/17 R'000	2015/16 R'000
<b>Other</b>			
Guarantees issued/received		137 814	242 568
<b>Total</b>		<b>137 814</b>	<b>242 568</b>

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

**List of related party relationship**

EDD had oversight responsibility over the following public and trading entities

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

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

**26. Key management personnel**

	No. of Individuals	2016/17 R'000	2015/16 R'000
Political office bearers (provide details below)	2	4 212	4 211
Officials			
Level 15 to 16	3	4 532	2 266
Level 14(incl CFO if at lower level)	12	12 898	14 284
<b>Total</b>		<b>21 642</b>	<b>20 761</b>

Political office bearers consist of:

- Minister E Patel
- Deputy Minister B Masuku

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### 27. Movable Tangible Capital

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

	Opening Balance R'000	Value Adjustments R'000	Additions R'000	Disposal R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	12 789	-	919	20	13 688
Transport assets	3 417	-	226	-	3 643
Computer equipment	5 476	-	541	-	6 017
Furniture and office equipment	2 008	-	131	-	2 139
Other machinery and equipment	1 888	-	21	20	1 889
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>12 789</b>	<b>-</b>	<b>919</b>	<b>20</b>	<b>13 688</b>

#### Movable Tangible Capital Assets under investigation

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

Number	Value R'000
112	877

Machinery and equipment

These assets could not be verified during assets verifications





## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### Additions

#### 27.1 ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash R'000	Non - cash R'000	(Capital work – in – progress current costs and finance lease Payments) R'000	Received current, not paid/(Paid current year, Received prior year) R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	1 889	-	(970)	-	919
Transport assets	226	-	-	-	226
Computer equipment	541	-	-	-	541
Furniture and office equipment	131	-	-	-	131
Other machinery and equipment	991	-	(970)	-	21
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>1 889</b>	<b>-</b>	<b>(970)</b>	<b>-</b>	<b>919</b>

### Disposal

#### 27.2 DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSETS REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash R'000	Non – cash disposal R'000	Total disposal R'000	Cash received actual R'000
MACHINERY AND EQUIPMENT	-	20	20	-
Other machinery and equipment	-	20	20	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>20</b>	<b>20</b>	<b>-</b>

The non-cash disposal comprises of assets de-recognised from the assets register that could not be verified.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### Movement for 2015/16

#### 27.3 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSETS REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposal R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>11 730</b>	-	<b>2 010</b>	<b>951</b>	<b>12 789</b>
Transport assets	3 417	-	-	-	3 417
Computer equipment	4 595	-	1 701	820	5 476
Furniture and office equipment	2 056	-	83	131	2 008
Other machinery and equipment	1 662	-	226	-	1 888
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>11 730</b>	-	<b>2 010</b>	<b>951</b>	<b>12 789</b>

#### 27.3.1 Prior period error

	2015/16 R'000
Nature of prior period error	
<b>Relating to 2015/16</b>	14
Additions	
Other machinery and equipment	14
<b>Disposal</b>	
Computer equipment	(131)
Furniture and office equipment	131
<b>Total</b>	<b>14</b>

2015/16 Additions on Other machinery and equipment was incorrectly disclosed as R212 thousand instead of R226 thousand.

2015/16 disposal on Computer equipment was incorrectly disclosed as R951 thousand instead of R820 thousand, and furniture and office equipment was incorrectly disclosed as nil instead of R131 thousand.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### 27.4 Minor assets

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

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Closing balance R'000
Opening balance	-	-	-	877	-	877
Value adjustment	-	-	-	(5)	-	(5)
Additions	-	-	-	48	-	48
Disposal	-	-	-	57	-	57
<b>TOTAL MINOR ASSETS</b>	-	-	-	<b>863</b>	-	<b>863</b>

Disposal comprises of assets de-recognised from the assets register that could not be verified.

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Closing balance R'000
Number of R1 minor assets	-	-	-	8	-	8
Number of minor assets at cost	-	-	-	489	-	489
<b>TOTAL NUMBER MINOR ASSETS</b>	-	-	-	<b>497</b>	-	<b>497</b>

Included in the above total of the minor capital assets per the assets register are assets that are under investigation:

	Value R'000	Number
Machinery and equipment	626	63

These assets could not be verified during assets verifications

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### Minor assets

#### MOVEMENT IN MINOR ASSETS PER THE ASSETS REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Closing Balance R'000
Opening balance	-	-	-	720	-	720
Additions	-	-	-	177	-	177
Disposal	-	-	-	20	-	20
<b>TOTAL MINOR ASSETS</b>	-	-	-	<b>877</b>	-	<b>877</b>

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Closing Balance R'000
Number of R1 minor assets	-	-	-	8	-	8
Number of minor assets at cost	-	-	-	491	-	491
<b>TOTAL NUMBER MINOR ASSETS</b>	-	-	-	<b>499</b>	-	<b>499</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### 28. Intangible Capital assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposal R'000	Closing Balance R'000
Software	3 368	-	963	-	4 331
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>3 368</b>	<b>-</b>	<b>963</b>		<b>4 331</b>

28.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash R'000	Non - cash R'000	(Development work – in – progress current costs) R'000	Received current, not paid(paid current year, received prior year) R'000	Total R'000
Software	963	-	-	-	963
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>963</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>963</b>

Movement for 2015/16

28.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

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



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### 29. Prior period errors

#### 29.1 Correction of prior period errors

	Note	2015/16 R'000
<b>Other</b>		
<b>Contingent liabilities</b>	18.1	
Intergovernmental payables – unconfirmed balances		455
<b>Irregular expenditure</b>	23.1	
Add: Irregular expenditure - relating to current year		(226)
<b>Movement in movable tangible capital assets per asset register</b>	27.3	
Additions		
Other machinery and equipment		14
Disposal		
Computer equipment		(131)
Furniture and office equipment		131
<b>Net effect</b>		<b>243</b>

Inter – departmental payables (unconfirmed balances) of R455 thousand was erroneously not disclosed in the financial year. R226 thousand paid during this financial year was incorrectly disclosed as irregular in the year 215/16.

2015/16 Additions on Other machinery and equipment was incorrectly disclosed as R212 thousand instead of R226 thousand.

2015/16 disposal on Computer equipment was incorrectly disclosed as R951 thousand instead of R820 thousand, and furniture and office equipment was incorrectly disclosed as nil instead of R131 thousand.

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## ANNEXURE 1A

### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2015/16
	Adjusted appropriation R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	
Competition Commission	208 541	-	-	208 541	208 541	100%	231 045
Competition Tribunal	20 115	-	-	20 115	20 115	100%	19 102
International Trade Administration Commission	87 001	-	-	87 001	87 001	100%	88 701
<b>Total</b>	<b>315 657</b>	<b>-</b>	<b>-</b>	<b>315 657</b>	<b>315 657</b>		<b>338 848</b>



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### ANNEXURE 1B

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

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS	TRANSFER ALLOCATION				EXPENDITURE			2015/16 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
<b>Public corporations</b>								
<b>Transfers</b>	213 124	-	-	213 124	213 124	100.0%	-	213 124
Industrial Dev Corp - SA Ltd: sefa	213 124	-	-	213 124	213 124	100.0%	-	213 124
Industrial Dev Corp - SA Ltd				-				5 000
<b>TOTAL</b>	<b>213 124</b>	<b>-</b>	<b>-</b>	<b>213 124</b>	<b>213 124</b>	<b>100.0%</b>	<b>-</b>	<b>213 124</b>
								<b>411 397</b>



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## ANNEXURE 1C

### STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2015/16 Appropriation Act R'000
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %
<b>Transfers</b>						
Employee Social Benefits	65	-	-	65	65	100%
	65	-	-	65	65	
						151
						151

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### ANNEXURE 1D

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

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2016/17	2015/16
		R'000	R'000
<b>Received in cash</b>			
Tsogo Sun		-	80
SACTWU		-	20
<b>Sub-total</b>		-	<b>100</b>
<b>Received in kind</b>			
Received in kind – 2016/2017			
TWF	80 desk calendars		
Received in kind – 2015/2016			
CCB (China Construction Bank)	Flask and mugs		
EMPS (Employers Mutual Protection Services)	Note pad and pen		
PWC (Price Waterhouse Coopers)	7 diaries and 6 calendars		
Konika Minolta South Africa	5 calendars		
TWF (Travel With Flair)	100 calendars		
<b>Sub-total</b>		-	-
<b>TOTAL</b>		-	<b>100</b>



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### ANNEXURE 1E

#### STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	PAID BACK ON/ BY 31 MAR R'000	CLOSING BALANCE R'000
Received in cash						
SBM Iron and Steel Manufacturers	Detailed feasibility study on the Dimbaza Steel Mill	-	2 541	1 271	-	1 270
<b>TOTAL</b>		-	<b>2 541</b>	<b>1 271</b>	-	<b>1 270</b>

The EDD facilitated funding for the feasibility study on the Dimbaza Steel Mill (R2.541 million) through **the dti**, R2.541 million was received and only R1.271 million has been transferred to the beneficiaries. Transfer of the remaining balance awaiting phase three report.

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### 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 2016/17	% Held 2015/16	Number of share held		Cost of investment		Net assets value of investment		Profit/(loss) for the year		Losses guaranteed
				2016/17	2015/16	R'000	R'000	R'000	R'000	R'000	R'000	
IDC	Schedule 2	100	100	1 392 969 357	1 392 969 357	1 392 969	1 392 969	84 768 000	79 638 000	2 747 000	2 505 000	No
<b>TOTAL</b>				<b>1 392 969 357</b>	<b>1 392 969 357</b>	<b>1 392 969</b>	<b>1 392 969</b>	<b>84 768 000</b>	<b>79 638 000</b>	<b>2 747 000</b>	<b>2 505 000</b>	

The 2015/16 Net Assets Value of Investment was incorrectly disclosed as R 8 761 900 instead of R79 638 000.



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## ANNEXURE 2B

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

Name of public entity	Nature of business	Cost of investment R'000		Net assets value of investment R'000		Amount owing to entities R'000		Amount owing by entities R'000	
		2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Industrial Development Corporation of SA	Contribution to growth industrial development and economic empowerment through its financial activities	1 392 969	1 392 969	84 768 000	79 638 000	-	-	-	-
<b>Total</b>		<b>1 392 969</b>	<b>1 392 969</b>	<b>84 768 000</b>	<b>79 638 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### ANNEXURE 3A

#### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2017 - FOREIGN

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2016	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2017	Guaranteed interest for year ended 31 March 2017	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
African Development Bank	IDC	767 330	73 661	-	-	(73 661)	-	-	-
KFW	IDC	314 060	168 787		2 392	(28 585)	137 810	3	-
<b>TOTAL</b>		<b>1 081 390</b>	<b>242 448</b>	<b>-</b>	<b>2 392</b>	<b>(102 246)</b>	<b>137 810</b>	<b>3</b>	<b>-</b>





# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## ANNEXURE 4

### CLAIMS RECOVERABLE

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17*	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>								
Department of Tourism				2	-	-	-	-
Department of Water and Sanitation				6	-	-	-	-
Department of postal services and telecommunications	-	-	97	-	-	-	-	-
<b>Total</b>	-	-	97	8	-	-	-	-

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### ANNEXURE 5

#### INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17*	
	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	Payment date up to six (6) working days before year end	Amount R'000
<b>DEPARTMENTS</b>								
<b>Current</b>								
Office of the Chief Justice	-	27	-	-	-	-	27	-
Department of International Relations and Cooperation	-	38	-	31	-	-	69	-
Department of Trade and Industry	2 063	1	51	217	2 114	218	207	-
Department of Planning, Monitoring and Evaluations	-	-	-	207	-	-	-	-
Department of Justice and Constitutional Development	5 727	-	-	-	5 727	-	-	-
Government Printing Works	42	-	(6)	-	36	-	-	-
South African Social Agency	-	-	15	-	15	-	-	-
<b>Total Departments</b>	<b>7 832</b>	<b>66</b>	<b>60</b>	<b>455</b>	<b>7 892</b>	<b>521</b>		

#### OTHER GOVERNMENT ENTITY

Current	63	-	-	-	63	-		
IDC								
<b>Total Other Government Entities</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>-</b>		
<b>TOTAL INTERGOVERNMENTAL</b>	<b>7 895</b>	<b>66</b>	<b>60</b>	<b>455</b>	<b>7 955</b>	<b>521</b>		

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

## ANNEXURE 6

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

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000
<b>NATIONAL DEPARTMENTS</b>						
Department of International Relations and Cooperation	-	-	315	-	315	-
Government Communications and Information Systems	-	393	-	-	-	393
<b>TOTAL</b>	-	<b>393</b>	<b>315</b>	-	<b>315</b>	<b>393</b>

[illegible]

[illegible]

[illegible]







## CONTACT DETAILS

### CAPE TOWN

Private Bag X9047,  
Cape Town, 8000  
1st Floor, 120 Plein Street,  
Cape Town, 8001  
Tel: 021 466 9807  
Fax: 021 461 0428

### PRETORIA

Private Bag X149,  
Pretoria, 0001  
3rd Floor, Block A,  
The DTI Campus  
77 Meintjies Street,  
Sunnyside, Pretoria  
Tel: 012 394 3747  
Fax: 012 394 0255



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