

ECONOMIC DEVELOPMENT DEPARTMENT – VOTE NO: 25

ANNUAL REPORT

2017 / 2018



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The page features a large abstract graphic composed of several overlapping triangles. A large orange triangle is in the bottom-left corner. To its right and slightly higher are two dark green triangles. Above these are two more triangles in a lighter shade of green. On the right side of the page, a portion of a photograph is visible, showing a green field and a basket of red tomatoes.

PART A: GENERAL INFORMATION





1. GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General of South Africa
AO	Accounting Officer
B-BBEE	Broad-Based Black Economic Empowerment
BRICS	Brazil, Russian, India, China and South Africa
CFO	Chief Financial Officer
DFI	Development Finance Institution
EU	European Union
EXCO	Executive Committee
GDP	Gross Domestic Product
HOD	Head of Department
IDC	Industrial Development Corporation
ISAs	International Standards on Auditing
ITAC	International Trade Administration Commission of South Africa
Manco	Management Committee
MEC	Member of the Executive Council
MPAT	Management Performance Assessment Tool
MTBPS	Medium-Term Budget Policy Statement
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NGP	New Growth Path
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Coordinating Commission
PPA	Public Audit Act of SA
RMC	Risk Management Committee
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SMME	Small, Medium and Micro Enterprise
SMS	Senior Management Service



3. 2017/18 ECONOMY HIGHLIGHTS

From the period 1 April 2017 to 31 March 2018 (unless otherwise stated), the following key economic indicators applied:

Employment grew by	165 000
Total employment, 31 March 2018	16 378 000
Change in women's jobs	40 000 more
Jobs held by women, March 2018	7 222 000
Change in youth jobs	134 000 less
Youth jobs, March 2018	6 147 000
GDP growth	1.5%
Size of economy (Nominal GDP)	R4.7 trillion
Inward Foreign Direct Investment	R19.1 billion
Total Infrastructure Spending	R260.1 billion
Manufacturing Value Add	R558 billion
Agriculture Value Add	R108 billion
Jobs Growth since NDP adoption to March 2018	1 816 000
Jobs Growth since NGP adoption to March 2018	2 730 000



4. EDD AND AGENCY HIGHLIGHTS FOR 2017/18

PICC-monitored infrastructure projects (March 2018)	325
Jobs on PICC projects, March 2018	190 000
IDC funding approvals, 2017/18	R16.7 billion
IDC funding disbursements, 2017/18	R15.4 billion
IDC funding approvals for Black-empowered companies, 2017/18	R9.7 billion
IDC funding approvals to Black Industrialists, 2017/18	R7.9 billion
IDC funding approvals to women-empowered companies, 2017/18	R2.2 billion
IDC funding to youth-empowered enterprises	R963 million
Jobs supported through IDC funding (net created and saved), 2017/18	29 885
Penalties imposed by the Competition Authorities, 2017/18	R354 million
Mergers with employment and other public-interest conditions imposed by Competition Commission, 2017/18	33
ITAC tariff increases, 2017/18	8
ITAC rebates	8
EDD staff numbers, March 2018	120
Budget spent: EDD, Competition Commission, Competition Tribunal, and ITAC	R912 million
Frontline KPIs achieved	100%



5. FOREWORD BY THE MINISTER



Mr Ebrahim Patel
Minister of Economic
Development

It is my pleasure to table the Economic Development Department 2017/18 Annual Report in Parliament. This is one of five Reports that together covers the work of the Economic Development Portfolio and Budget Vote. The other Annual Reports which complement this one are for the Industrial Development Corporation (IDC), the Competition Commission, the Competition Tribunal and the International Trade Administration Commission (ITAC) of South Africa.

This Report covers the work of the Department and includes the activities of the Ministry, which coordinates the work of the four entities.

Over the 12 months, the Department spent R133.7 million of monies voted by Parliament for the expenditure of the Ministry and the Department, which achieved all of its Key Performance Indicator targets.

I wish to highlight the economic environment within which the Department performed its work and point to a few key areas of progress.

The economic environment

2017/8 witnessed green shoots of economic recovery domestically and rising global growth, including in some of South Africa's key trading partners.

Global economic growth improved to 3.8%, following 3.2% growth in 2016. It was a year when the USA

economy recovered strongly, and when both Brazil and Russia saw strong turnarounds in their economic fortunes. China and India continued to maintain growth rates of around 7% and, encouragingly, growth in sub-Saharan Africa improved from 1.4% in 2016 to 2.8% in 2017, with a forecast of 3.4% for 2018.

With better international growth prospects and with agriculture rebounding strongly following some recovery from the drought in most provinces, South Africa's GDP for 2017 was stronger than it has been for the past three years. Upward revisions of GDP numbers by Stats SA also show that South Africa did not experience a recession at the end of 2016 and the beginning of 2017, as previously reported.

Results such as these have helped business and consumer confidence improve, and there are signs of an increase in private sector investment spending. However, while GDP grew steadily in the first three quarters of the 2017/18 year of reporting (i.e. April 2017 – December 2017), it contracted in the last quarter of reporting. This contraction was largely driven by lower output in the agricultural and mining sectors compared to the prior quarter, and is a sign that the recovery is still fragile.

Nonetheless, the past year has given the nation an economic platform to build on, and the opportunity needs to be seized if a new growth trajectory that leads to inclusive growth and jobs creation is to be established. With very high unemployment levels, we must step up our efforts to build a dynamic, resilient and inclusive economy.

Economic inclusion – revising the Competition Act

One of the key constraints to inclusive growth is the high levels of economic concentration across a number of sectors in our economy. During the year I gazetted a draft Competition Amendment Bill, which will bring significant amendments to the Competition Act to empower the competition authorities to deal specifically with structures of markets which lead to high levels of economic concentration, higher consumer prices, and that impede the ability for small and medium businesses, and black-owned businesses to participate in the economy.

The Bill also deals with practices by dominant firms which lead to excessive prices, price discrimination against smaller players and other abusive and anti-competitive practices. The Bill has generated significant interest, and more than sixty submissions



were received from the public in response to the call for comments made in December 2017. In addition, EDD also engaged in extensive consultation on the Bill with social partners through Nedlac.

This is a major reform of the Competition Act, which was signed into law by President Nelson Mandela 20 years ago. The Bill has been submitted to Parliament for consideration.

Market Inquiries into key sectors

During the year, we initiated a market inquiry by the Competition Commission into high data costs in South Africa, with the aim of ensuring that the cost of this essential economic input is competitively priced and affordable to South Africans and that the cost of data does not stifle and constrain opportunity and entrepreneurship. The Competition Commission conducted market inquiries into private healthcare and the grocery retail sector and announced its intention to conduct an inquiry into public transport. All South Africans are invited to make their voices heard in the public participation processes that form part of these inquiries. The Liquefied Petroleum Gas Market Inquiry was completed and subsequently tabled in Parliament in May 2017.

Mergers and the public interest

During the period under review, three significant mergers were considered, involving Old Mutual, Coca-Cola (a new transaction) and Chevron (involving Sinopec), with important public interest outcomes.

Financial services company Old Mutual had, some 20 years ago shifted its global headquarters to London and its primary listing to the London Stock Exchange. The Old Mutual merger saw a major restructuring of the Group, with its largest business unit returning home to South Africa with a primary listing on the JSE that is a boost to the local market. During the engagement with the company, a number of public interest commitments were agreed and made into conditions of the merger. These included that the company's global headquarters be in Johannesburg, that high-level finance jobs previously performed in London be brought back to South Africa, that a new R500 million fund for developing small business be launched, that no jobs be lost as a result of the merger transaction and that its BEE share-holding levels be increased to 25% of total equity and thereafter to best-in-class in the industry.

Chevron, a large US oil-company with a refinery and Caltex service stations across South Africa, decided to sell its local assets, initially to Sinopec, a large Chinese oil-company. We engaged the merger parties and agreed on a range of public interest conditions. These included a commitment by the purchaser to invest an additional R6 billion in the refinery to improve the operations and environmental impact of the refinery. The acquiring company also made commitments to maintain or increase levels of procurement from local suppliers, and to maintain aggregate levels of employment in the company for 5 years. An innovative provision was the commitment by Sinopec to promote the export and sale of SA-made goods in the shops across their service station network in China. They agreed to increase the levels of BEE from 25% to 29%. These commitments were made conditions of the merger. Subsequently, a new merger filing was made by a company OTS, which exercised a right-of-first-refusal by bidding to match the Sinopec merger price. The government had, by date of finalisation of this Annual Report (August 2018), concluded a public interest agreement with the new bidders that matched the relevant public interest conditions agreed by Sinopec, but with stronger BEE outcomes.

Coca-Cola Beverages Africa bought back the equity in its bottling operations held by AB InBev, in a new transaction following the merger transaction reported on in the previous Annual Report. Government and the company agreed to extend the previously-agreed public interest conditions to the new transaction, with three significant additions: that the company will maintain its aggregate levels of employment for roughly five years (compared to three years previously committed to); it will increase the BEE shareholding from 11% to 30% (previous target: 20%); and it will provide South African companies with a fair opportunity to bid to become the controlling shareholders in the company's Africa bottling operations.

Following commitments made during 2017, AB InBev spent more than R200 million on enterprise and agricultural development, as well as other social projects. At the same time, older merger agreements continue to generate direct and indirect benefits in job creation, local supplier development and investment. Walmart's voluntary agreement to extend its commitment to its Supplier Development Fund beyond the time frame set by the Competition Tribunal is a good example. This is a strong signal that our public interest model in merger agreements is working, not only for small businesses and new entrepreneurs but also for



the large companies themselves.

Competition impact on ownership structure

Our efforts have also led to significant empowerment of black South Africans, which has created billions of Rands of value for black South Africans. A few examples I can highlight include:

- The black shareholding of Appletiser increased from zero to 21%
- The black shareholding in Chevron South Africa will increase from 23% to at least 29%
- The black shareholding in the construction business of Murray & Roberts is now 100% through the sale of the business to a black-owned consortium; and a further three of South Africa's largest construction companies will work with seven black construction firms, providing support which will see those black construction firms growing revenues to 25% of the larger firms, estimated at R7.5 billion.

Infrastructure coordination

EDD has continued to support the work of the Presidential Infrastructure Coordinating Commission (PICC) by providing secretariat services, collecting data, preparing reports, and unblocking obstacles which prevent the rollout of infrastructure required by the National Infrastructure Plan. It coordinated the work of the 18 SIPs – producing 69 reports over the year. A highlight of the year was the registration of the Tirisano Fund and the impact of the construction settlement agreement on the construction sector.

Industrial financing

The mandate of the IDC is to deepen inclusion and to extend opportunity.

In the past year, the IDC approved R16.7 billion of funding for new investments and disbursed R15.4 billion funding to private sector partners. This funding resulted in 23 348 jobs that are projected to be created and 6 537 jobs saved (a total of 29 885 jobs facilitated).

Funding for Black Industrialists amounted to R7.9 billion and funding to youth and women-owned businesses totalled R963 million and R2.2 billion, respectively.

This follows five-year approval targets for Black Industrialist, youth and women-empowered businesses which I set for the Corporation in my Budget Vote Speech in May 2015. With two years

remaining, the IDC has now approved 67% of the R23 billion that I directed it to provide to Black Industrialists. Notably, the IDC has already achieved the five-year target that was set for women entrepreneurs, with R6.6 billion approved for women-empowered businesses over the last three years against the target of R4.5 billion, whilst funding approvals of R4.4 billion for youth entrepreneurs is within close reach of the R4.5 billion 5-year target.

IDC funding crowded in a further R12.4 billion in private sector investment across a range of sectors including chemicals, metals, industrial infrastructure; tourism, ICT and media; new industries; and other manufacturing sectors such as clothing and textiles. Government and the IDC also set up a R1.5 billion Steel Competitiveness Fund to be administered by the IDC.

The fund targets very small, and small to medium sized enterprises in the downstream steel industry – and provides them with IDC loans at a discounted rate, to support the sector.

Construction of the new Beijing Automobile International Corporation (BAIC) car manufacturing plant in Nelson Mandela Bay, underpinned by a R4,3 billion investment partnership between the IDC and the Chinese car-maker, commenced during the reporting period.

I will be working with the IDC Board and management to strengthen a stimulus package of support, including to township enterprises and other parts of the economy, to bring the necessary funds to support South Africa's emerging entrepreneurs.

The EDD facilitated, fast-tracked and/or unblocked a number of investment initiatives over the reporting period. This resulted in supporting local procurement and new investment and jobs in the metals value chain, unblocking procurement in the clothing and textile value chain; and facilitating investments in production and infrastructure, including Da Gama Textiles and Naledi Foundry.

Governance and integrity

During the period covered in this Report, concerns about corruption and state capture eroded public trust in the public authorities and contributed to weak investor confidence, a more polarised political environment and weakening of state-owned enterprises. Within the Economic Development



portfolio, a number of steps were taken to address issues of integrity.

These included work we commissioned for the PICC in June 2017, to quantify the impact of governance failures in public infrastructure, modelled on an assumption of a 10 per cent overpayment in infrastructure spending as a result of corruption. The study showed that the impact, on those assumptions, would be a loss of R27 billion in annual GDP and 76 000 jobs foregone that would otherwise be created.

During 2017, the IDC was in the news for its loan to Oakbay Resources and public disquiet at perceived governance challenges. Following discussion between the Ministry and the Board that had commenced during 2016, the IDC introduced a range of measures to strengthen transparency and governance. These include public disclosure of the names of IDC beneficiaries (including politically-exposed persons) since April 2017 and changes in the IDC auditors following a request in July 2017 by the Ministry as shareholder that KPMG be replaced. The IDC also instituted litigation against Oakbay Resources in November 2017 for the recovery of funds advanced.

Fresh policy thinking

EDD continued to deepen its engagement with developments in economic thinking globally. Highlights included a conference with Nobel laureate, Joseph Stiglitz, attended by South African thought leaders from across government, business, labour and academia, which explored options for industrialisation and high growth in the 21st century, as well as a Symposium on the Fourth Industrial Revolution which began the process of ensuring South Africa is ready to meet the challenge and seize the opportunities of this far-ranging technological revolution.

Regional integration is identified in the New Growth Path as a key jobs driver and is important for continental development and solidarity. South Africa's trade with the rest of Africa is a vital part of developing its manufacturing base and deepening industrialisation. Exports to the rest of Africa are a significant source of foreign exchange earnings and are associated with around 250 000 direct jobs and many more indirect South African jobs. This past year we completed African trade case studies on Kenya, Mozambique, Tanzania and Zimbabwe, all of which were presented to Parliament. We extracted policy challenges and recommendations from them in order to strengthen our own export performance and deepen

equitable trade for the whole region.

Trade policy

ITAC has worked closely with EDD and the dti to support the steel industry.

In 2013, the Ministry issued a trade directive to ITAC, requesting that a price preference system be introduced to enable local producers to access scrap metal at concessional prices. Over the years, scrap metal exporters challenged the measures introduced. EDD and ITAC successfully defended the policy measures in challenges brought in the Gauteng High Court, the Cape High Court and the Supreme Court of Appeal. The state also successfully resisted an application by the scrap metal exporters for leave to appeal to the Constitutional Court.

During the year, 7 customs duty increases recommended by ITAC were implemented to support the metals value chain. Rebate duties were also recommended and implemented on greenhouses made of iron; certain forms of structural steel; the safeguard for certain hot-rolled steel; and fasteners of stainless steel. One outcome of government's efforts to support the industry has been the re-opening of Highveld Steel in April 2017 as an industrial hub in Mpumalanga. Not only is this hub an employer to more than 1 000 workers with steel making, mining equipment repairs, training and coal storage taking place onsite – it is the only producer of railway lines in Africa.

Conclusion

I wish to thank Deputy Minister Masuku who led our work at provincial and municipal level and provided a range of support within the Ministry; as well as Geoffrey Qhena, Busi Mabuza and the Board and staff of the IDC; Tembinkosi Bonakele and the staff of the Competition Commission; Norman Manoim and the members of the Competition Tribunal; Siyabulela Tsengiwe, Meluleki Ndzimande and the Commissioners and staff of ITAC; as well as Dr Monde Tom and the staff of the Department.

Mr Ebrahim Patel, MP
Minister of Economic Development

Date: 31 August 2018

6. DEPUTY MINISTER STATEMENT



Mr Madala Masuku
Deputy Minister of
Economic Development

The Department deepened its work with provinces to improve their economic development plans through alignment with the New Growth Path (NGP), the National Development Plan (NDP) and the Nine-Point Plan priorities. Most provinces have now concretised their plans and are now canvassing funding and investment for their strategic projects to realise their growth and employment objectives.

In our commitment to provide policy oversight and strategic support, EDD convened an Economic Summit in Ehlanzeni District in Mpumalanga Province in June 2017. The key objectives of the Summit were to mobilise relevant stakeholders around a common growth and development path for the District and establish strategic economic links between national and provincial players.

EDD led the intervention addressing a gap in the supply of soya together with the Mpumalanga Department of Economic Development and Tourism (DEDT) and the Department of Agriculture, Rural Development, Land and Environment Affairs (DARDLEA). For example, the Cafco plant requires input of 850 000 tons of soya a year and imports a large amount due to domestic shortages. We engaged stakeholders in Ermelo and Standerton with the result that the company has committed to purchase locally grown soya at SAFEX time of delivery prices. This is a major boost to the soya farmers in the area and will stimulate agriculture and

employment there.

During the period under review, the Department continued to drive the implementation of the Youth Employment Accord in order to promote youth economic empowerment, entrepreneurship and employment. The Department initiated a review of the implementation of the Accord over the last four years. While good work is being done in the youth sector, government's efforts remain largely uncoordinated because there are many interventions and structures aimed at addressing the youth unemployment challenge. Going forward implementation will require greater focus and coordination for us to be more effective.

The Department also hosted a session with young entrepreneurs in Mangaung in November 2017. More than 300 young entrepreneurs raised their business challenges and engaged directly with key partners. This session also provided space for youth businesses to exhibit their products and services while serving as a great networking opportunity.

EDD convened a conference on empowering communities of Sarah Baartman District Municipality in order to provide a platform for interaction between the people involved in various economic activities in Ndlambe Municipality and government. A Local Economic Development Forum has been established and an agriculture value chain has been created.

The Department convened an agricultural value chain policy dialogue in the Vhembe District Municipality in March 2018 to provide space for open dialogue and engagement on further work that may be required in order to enhance agriculture development in the Vhembe district. Processes were supported to develop the chickpea value chain.

I wish to thank the Minister for his leadership, the Department's staff and entities for their support to the objectives and work of the Department.

Mr Madala Masuku, MP
Deputy Minister of Economic Development

Date: 31 August 2018

7. REPORT OF THE ACCOUNTING OFFICER



Dr Monde Tom
Accounting Officer

7.1 OVERVIEW OF DEPARTMENTAL PERFORMANCE

EDD's APP has a strong focus on implementing the New Growth Path (NGP) which Cabinet adopted in October 2010. Since the adoption of the NGP, SA has created approximately 2.7 million jobs. The unemployment rate has also gone up however, due to significant increases in the labour force participation rate.

With the renewed optimism of an upward trajectory to economic growth, more effort is required to reach full potential growth, address unemployment, poverty, inequality and spatial economic disparities characteristic of the dual economy. The significance of advancing government's economic plans demands all sectors of the economy to remain focused in growing the economy and specifically the creation of decent work.

During the year, EDD focused in delivering the revised KPI's in the 2017/18 Annual Performance Plan (APP). Three considerations had driven the revision of the 2016/17 APP – firstly while the Department had met or exceeded its targets over the preceding years, the Executive Authority drew attention to the quality of the products that was uneven and in some cases more focused on 'meeting a target' than improving the lives of

citizens. Secondly, the Auditor-General's report of 2016/17 drew attention to the fact that concepts such as 'initiatives' in certain KPIs required more detail for audit purposes. Thirdly, the work of the Department is carried out in a changing environment with unpredictable needs and pressures which cannot always be anticipated ahead of time, but must still be responded to. Examples of these include large scale mergers, investment unblockings or the collapse of trading conditions in a specific sector. This requires a degree of flexibility in crafting a KPI.

We believe that the redrafted APP allows for an improvement in the quality of products delivered, and during this financial year, we focused in recruiting executive management, supporting management structures, building team work and sharing of knowledge. This is discussed in more detail below. We believe that we are making good progress in this regard. Though performance highlights are reported at various sections of the Report, below are some achievements of the work of the Department and entities during the year.

We received an unqualified audit for 2016/17 with 33% reduced findings from the previous year. The Chief Financial Officer (CFO) chaired 'Heat Map' meetings fortnightly in the year to monitor progress in addressing Internal Audit and AG findings and we spent 99.8% of the budget in the year. We received a clean audit for the 2017/18 financial year with reduced findings.

Programmes 2 (Growth Path and Social Dialogue) and 3 (Investment, Competition and Trade) delivered APP products that contribute to the MTSF Outcomes and the National Development Plan. Some highlights stand out, which are also addressed by the Minister or Deputy Minister, and later in the report, include:

- EDD's research reports ranging from unemployment (the Jobs Report and unemployment updates made to Parliament) to trade reports (including case studies on trade with other African countries), and a report on administered prices compiled;
- EDD held conferences and consultations – both at national level with international guests such as the one hosted by Minister Patel with Professor Joseph Stiglitz held at Wits University and workshops that the Deputy Minister held with youth on the Youth Employment Accord or with youth entrepreneurs in provinces;

- EDD continued its oversight of the IDC and Economic Regulators – holding quarterly meetings with them and giving detailed input on their annual plans as well as reporting. In addition, the Minister continued to provide strategic oversight;
- Integrity and promotion of good corporate governance matters for the economic development of South Africa were emphasised. The IDC strengthened governance on disclosure of IDC funded business partners as of 1 April 2017. Since then, the IDC published the names of all companies that receive such funding on a quarterly basis, together with details of the beneficial ownership of the companies;
- A major segment of work this year revolved around competition activities where the Department supported the Minister in participating in mergers. In terms of the Competition Act, the Minister may participate in a merger, to address public interest issues as defined in the Act such as employment, small business development, the impact on an industry, or the ability of South African companies to compete in international markets. In a number of mergers, the Department provided support. This as well as the implementation of previous merger agreements reached through the Minister's intervention, yielded significant employment and development impacts - and the Department assessed and reported on them during the year. Draft amendments to strengthen implementation of the Competition Act were gazetted in this year;
- EDD continued to work with provinces in the development of their Annual Performance Plans to ensure alignment with the national agenda, and supporting municipalities around local economic development issues. This Report provides

examples of EDD working with Vhembe District Municipality on agriculture projects; participating at the North West Economic Summit, Ehlanzeni District Economic Summit, and Nkangala District Economic Forum; and coordinating implementation of various fora and roadshows;.

- During the year there were a number of unblocking initiatives which facilitated investment and trade. These include supporting Eskom to acquire servitudes for the Matla-Jupiter transmission line, supporting a business to sell locally-forged railway wheels to Transnet instead of importing, displacing imported transformers for locally produced equipment and unblocking Water Use Licences to provide water to communities.

7.2 ORGANISATIONAL DEVELOPMENT

The Department placed greater effort in improving the quality of products produced to ensure they meet the requirements whilst recognising the flexibility required in a fast-changing world and an economy that is dynamic. The constrained fiscal position placed pressure on resources in the Department to deliver the required work without exceeding the expenditure ceiling.

In 2017/18 APP deliverables were organised around 3 programmes, 6 Strategic Objectives, 23 key performance indicators (KPI) with 180 planned products/ targets. EDD met its performance targets and delivered 195 products in 2017/18 and a total of 99.8% of the budget allocation spent.

Performance against 2017/18 KPIs is summarised below:

KPI	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	TOT
Target	1	1	4	4	2	3	10	2	64	8	4	30	4	4	14	3	4	4	1	2	4	2	5	180
Achieved	1	1	4	4	2	3	10	2	69	8	4	30	4	4	14	3	4	4	2	3	11	2	6	195
Exceeded	0	0	0	0	0	0	0	0	5	0	0	0	0	0	0	0	0	0	1	1	7	0	1	15

The filling of managerial and executive level positions was prioritised to strengthen the Department's ability to perform effectively, efficiently and sustainably. Critical positions of the Deputy Director General (DDG) and Chief Financial Officer (CFO) filled during the course of the year.

The Department's way of working was also improved to enhance operational efficiency, promote team work

and improve evidence-based reporting on predetermined objectives. The delivery of KPIs was facilitated through cooperative groupings with team leaders. The team-based approach encouraged collaboration, knowledge sharing and improved customer service. The newly appointed DDG provided oversight of operations and drove implementation of the APP.

The provision of strong governance and compliance support services is enhanced, resulting in the delivery of efficient, cost effective and transparent services. The EDD's governance and accountability structures as well as the reporting mechanisms functioned accordingly. This is evident in the outcome of the MPAT assessment which reported a 2,9 rating on governance and accountability, a better outcome than the target set in the APP.

EDD continued to draw on the capabilities and attracted specialist skills from entities reporting to it as well as other agencies and tertiary institutions through MOUs.

7.3 DEVELOPMENT FINANCE INSTITUTIONS

In the 2017/18 year, the IDC approved R16.7 billion and disbursed R15.4 billion. The funding provided resulted in 23 348 jobs that are expected to be created and 6 537 jobs that were saved (a total of 29 885 jobs facilitated). Funding for Black Industrialist amounted to R7.9 billion and funding to youth and women-empowered businesses amounted to R963 million and R2.2 billion respectively.

7.4 COMPETITION AUTHORITIES

The Competition Commission dealt with a number of cases this year, including those where the Department participated on the basis of public interest. While 704 jobs were lost in the process the total jobs saved amounted to 77 055. There were 33 cases affected by public interest requirement. The net effect on jobs is therefore a positive 76 452. It became clear that the Commission requires more financial support to deal with the complex area of competition and efforts are made to address this issue.

The Competition Tribunal approved 124 mergers and

imposed fines of R354 million on 26 firms.

7.5 TRADE AUTHORITIES

ITAC aimed to perform 1 000 inspections of import and export shipments, sites or documentation. We are pleased to report that ITAC Enforcement conducted 3 790 scheduled and unscheduled inspections and verifications for the period 1 April 2017 to 31 March 2018.

7.6 EDD BUDGET

The EDD revenue collected in the 2017/18 financial year amounted to R168 million from payments made under the settlement agreement concluded between government and various construction firms, known as the Voluntary Rebuild Programme (VRP) settlement agreement (classified below as 'Fines, penalties and forfeits'). The table below reflects the breakdown of 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.

For the 2017/18 financial year, the Commission collected R523,9 million in penalties, and R2 million transferred through EDD to the National Revenue Fund by year end. An amount of R117.4 million has been received directly by the EDD from the companies which are part of the VRP Settlement Agreement and in turn transferred to National Revenue Fund. Dividends are received from the Industrial Development Corporation (IDC) as part of investment and also transferred to the National Revenue Fund.

Departmental receipts

Departmental Receipts	2017/18			2016/17		
	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	21	31	(10)	20	30	(10)
Fines, penalties and forfeits	301 067	117 400	183 667	-	117 000	(117 000)
Interest, dividends and rent on land	20 200	50 123	(29 923)	50 120	20 259	29 891
Financial transactions in assets and liabilities	50	6	44	47	47	-
Total	321 338	167 560	153 778	50 217	137 336	(87 119)



7.6.2 DEPARTMENTAL EXPENDITURE PER PROGRAMME

The budget allocation for the 2017/18 financial year is R914 million against which expenditure of R912 million (i.e. 99.8% of the budget) incurred. The Departmental cost drivers comprise mainly transfer payments to the agencies (i.e. Competition Commission, Competition Tribunal and ITAC). Approximately 85% (R778 million) of the expenditure consisted of transfers to these Departmental agencies. The remaining funds were utilised for operational expenses in the Department.

All EDD transfer payments are disbursed via Programme 3: Investment, Competition and Trade. The total under-spending for the Department amounts to R2.2 million or 0.2% of the voted budget for the 2017/18 financial year. No requests for roll overs were made for the 2017/18 financial year. The table below reflects the Department's expenditure against the programmes.

Departmental expenditure against programmes

Programme Name	2017/18			2016/17		
	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	85 117	83 666	1 451	92 431	90 416	2 015
Growth Path and Social Dialogue	31 736	31 125	611	29 887	27 797	2 090
Investment, Competition and Trade	797 384	797 259	125	552 343	546 869	5 474
Total	914 237	912 050	2 187	674 661	665 083	9 578

7.6.3 VIREMENTS

Virements of R5 million were approved by the National Treasury to reallocate funds to assist the Competition Commission with funding requirements for the on-going market inquiries namely Health market inquiry, public transport market inquiry, grocery retail market inquiry and the recent data costs market inquiry.

Virements

Virements from Programme	Virements to Programmes	Virement Amount R'000	Reasons
Administration	Investment, Competition and Trade	1 344	Funds shifted to "Transfers and subsidies" for the Competition Commission
Growth Path and Social Dialogue	Investment, Competition and Trade	1 086	Funds shifted to "Transfers and subsidies" for the Competition Commission
Investment, Competition and Trade	Investment, Competition and Trade	2 430	Funds shifted to "Transfers and subsidies" for the Competition Commission
Total		5 000	

7.6.4 UNAUTHORISED, FRUITLESS AND WASTEFUL EXPENDITURE

The EDD has no unauthorised, fruitless and wasteful expenditure for the 2017/18 financial year. All supply chain management processes and systems are still in place to prevent irregular expenditure.



7.6.5 GIFTS AND DONATIONS

Gifts and donations received in kind during 2017/18

Organisation	Gifts or Donations
Vukani Technologies	Diary and pen
High Commissioner of India	Book and CD Rom
Association of Chartered Certified Accountants	Two tins of biscuits
Konica Minolta South Africa	Two wall calendars, three desktops calendars and five pens
TWF (Travel with Flair)	Ten desk calendars, 45 desktop 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 2018 that would impact on the financial position of the EDD.

7.7 FUTURE PLANS

The EDD will intensify its coordination role by contributing to an overarching framework on spatial economic development, including value chains in township economies. The Department will work with provinces to ensure the implementation of social accords and related agreements, such as the outcomes of the 2018 Jobs Summit. There will be an increased effort on improving labour relations in the Department.

7.8 CONCLUSION

The Department is putting systems in place to ensure operational efficiencies and effectiveness. A culture of staff accountability is being entrenched.

Dr Monde Tom
Accounting Officer
Economic Development Department

Date: 31 August 2018



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 2018.

Dr Monde Tom
Accounting Officer
Economic Development Department

Date: 31 August 2018



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. 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)
- EDD also has responsibilities under the Infrastructure Development, 2014 (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 facilitates and monitors:

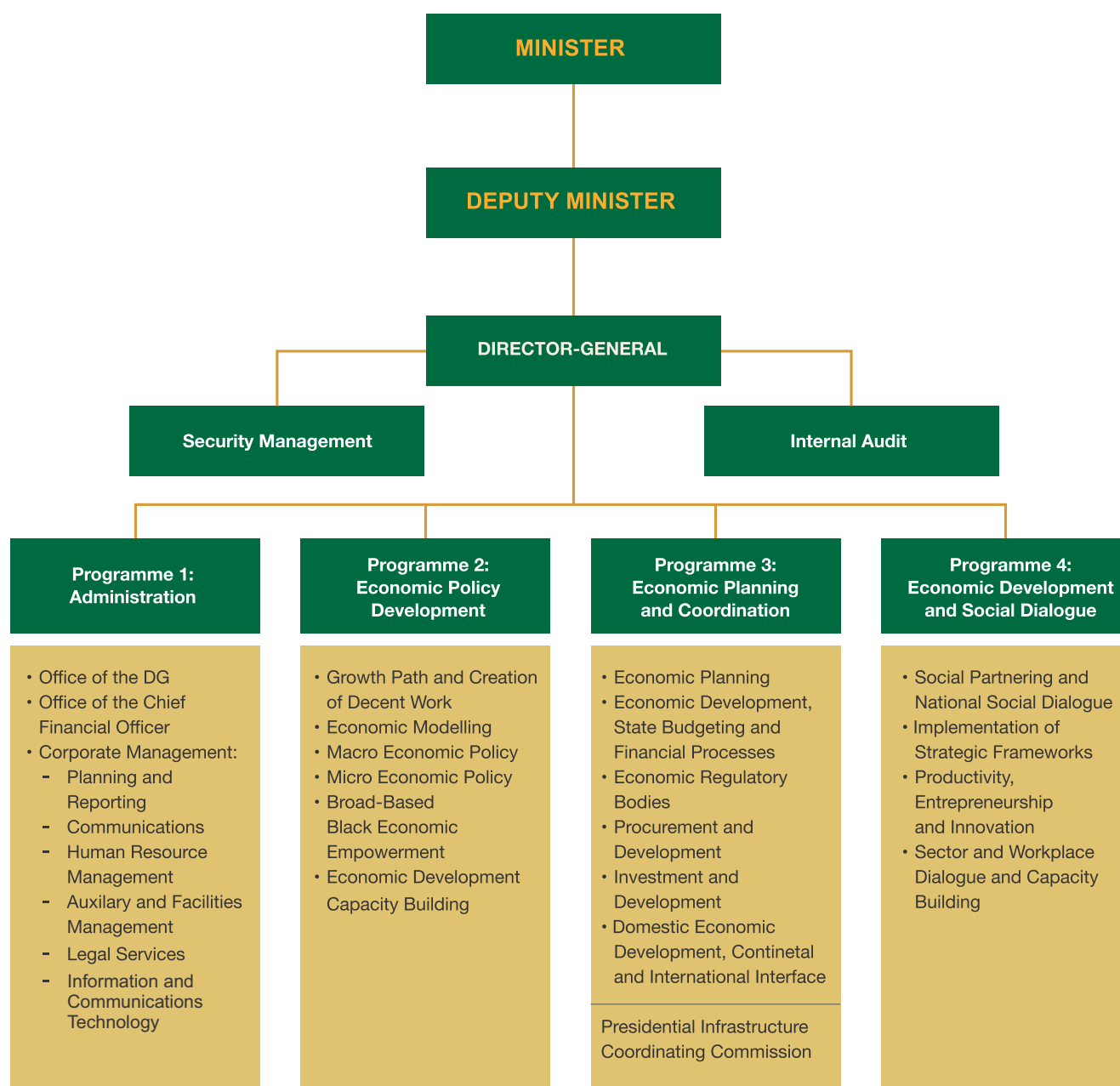
- Basic Education Accord
- National Skills Accord
- Local Procurement Accord
- Green Economy Accord
- October 2012 Social Accord
- Youth Employment Accord.

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

- The EDD coordinates, integrates and provides technical support, monitoring and evaluation functions, secretariat services and inter-governmental coordination to the PICC
- The EDD, together with **the dti**, convenes the MinMec/Technical MinMec with provincial Members of the Executive Council (MECs) and economic development departments
- The EDD supports **the dti** in its convening of the Outcome 4, Technical Implementation Forum
- The EDD is a member of the Economic Sectors, Employment and Infrastructure Development (ESEID) 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 2017/18 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 2017/18 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 involving 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 by establishing an efficient and effective system for the administration of international trade, including tariff investigations; trade remedies; and import and export control
Industrial Development Corporation (IDC)	The Industrial Development Corporation Act, 1940, (Act No. 22 of 1940)	IDC generates the bulk of the funding required for investment through internal profitability and dividends, and borrowing funds 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, etc.)	IDC's objective is to lead industrial capacity development with the primary outcome to create direct and indirect employment opportunities IDC's main activities focus on the provision of industrial financing to support sustainable industrialisation, job creation and empowerment It develops projects in priority industries, provides non-financial support of businesses, manages funds on behalf of government, undertakes economic research and provides support and capacity to government



PART B: PERFORMANCE INFORMATION





1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs 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, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

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

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

While SA has experienced a nascent economic recovery, evidenced by higher growth of 1.3% in 2017 versus 2016 (0.6%), the economy is still not running at full potential, and the unemployment rate, at 26.7%, remains very high with 6 million, mainly young, South Africans actively looking for work. Global political and economic uncertainties as well as the implications of the Fourth Industrial Revolution also have an impact on our economy.

Main services and standards

Main Services	Beneficiaries	Current/Actual Standard of Service	Desired Standard of Service	Actual Achievement
Provide support to provincial economic development departments to align their plans to the MTSF	Provincial economic development departments	Standard of Service Review of provincial Annual Performance Plans (APPs) with a view to have them aligned to the MTSF	Review of provincial Annual Performance Plans (APPs) with a view to have them aligned to the MTSF	APPs of all the nine provinces were reviewed and assessed for alignment with the MTSF
Improve and monitor industrial funding targets for identified jobs drivers and for township economies	Private sector, township enterprises	Conducted surveys on township enterprises to measure the impact of sefa, IDC and NEF (National Empowerment Fund) funding	Measure and analyse the impact of the programmes	Case studies on impact of DFI funding; Quarterly reports done on industrial financing; IDC presentations in provinces as part of provincial work; EDD hosted workshops which addressed enterprise development and financing from DFIs including a Youth Development Career Expo in Atlantis which brought together exhibitions of learning institutions, DFIs,

Deep-rooted structural challenges in the economy continue to stifle inclusive growth – these include high market concentration in specific sectors and anti-competitive behaviour of some dominant firms; low levels of private sector investment in the productive sectors of the economy; the requirement for an efficient and effective public service that delivers to all in the country; and spatial settlement patterns.

President Ramaphosa has called 2018 “a year of change, a year of renewal, a year of optimism”. It is essential to nurture the seeds of recovery, and build on what has been achieved. EDD's role is to enhance coordination and alignment within government, promote social dialogue between developmental partners, and help realise jobs rich and inclusive growth. Work includes building opportunities in domestic and regional markets, taking further actions to challenge cartels and anti-competitive behaviour as well as the concentrated nature of the economy where it has a negative impact on growth and development. We have continued to promote the creation of South African jobs by supporting localisation in the economy, boosting investment in infrastructure and industrialisation, and preparing SA for the Fourth Industrial Revolution.

2.2 SERVICE DELIVERY IMPROVEMENT PLAN

Recognising the need to develop appropriate mechanisms for integration and co-ordination across the state, and ensuring service delivery to all citizens while maintaining the agility required for responding to changing economic conditions, the EDD has reviewed its Service Delivery Improvement Plan (SDIP). The plan has been submitted to the Department of Public Service and Administration for the 2017/18 financial year.



Main Services	Beneficiaries	Current/Actual Standards of Service	Desired Standard of Service	Actual Achievement
				Small Business Development Agencies, NGOs and organised labour
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 policy	The governance framework policy is being implemented and there is continuous monitoring and evaluation of the entities; Minister played an active oversight role over the entities including reviewing their APPs, Strategic Plans and Annual Reports, as well as meeting with leadership to provide strategic guidance; The proposed Amendments to the Competition Act were developed and are intended to strengthen the Competition Authorities

Batho Pele arrangements with beneficiaries (consultation, access etc.)

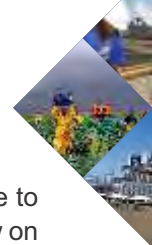
Current/Actual Arrangements	Desired Arrangements	Actual Achievements
Engagements with stakeholders	Ministers, MECs and Legislatures	Engagements with provinces through MinMec and Technical MinMec
	Economic Cluster	The Director-General attended the Economic Cluster meetings while the Minister attended the Inter-Ministerial Committee meetings
	Sectoral Networks	Engagements at Nedlac on agricultural sector; engagements with the metals value chain; engagements with the construction sector
	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 regularly updated and posted on 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 handled 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.

For the 2017/18 financial year, the EDD had three budget programmes and 7 posts targeted to be filled. For the same period, 6 posts with one which is additional to the establishment, were filled. In the period ahead the Department will work to achieve its Strategic Objective within the reduced budgets for staff costs.

In order to enhance organisational efficiency and promote team work and the sharing of skills, the Department's way of working was enhanced. Co-operative groupings with team leaders focus on delivery of KPIs where less hierarchical structures promote knowledge sharing and improved customer service. The newly appointed DDG provides oversight of operations, and drives implementation of the APP.

2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Draft Competition Amendment Bill

In December 2017 EDD gazetted a Draft Competition Amendment Bill, which was published for public comment together with a background note and an explanatory memorandum.

The draft Bill aims to address two key structural challenges in the South African economy that limit the rate of growth and the level of economic inclusion. The first is the high level of concentration where a small number of large dominant firms account for the bulk of sales in a given market. There is growing concern among Competition Authorities and experts that South Africa's economy remains highly concentrated versus international peers. Highly concentrated markets can have many negative effects, including higher consumer prices; lower levels of investment and innovation; and an environment which impedes new business, particularly small and medium businesses from participating fairly. The second key structural challenge that the Bill seeks to address is the racially skewed pattern of ownership in the economy. Concentrated markets that inhibit new entrants and exclude large numbers of black South Africans from the opportunity to run successful enterprises are not a

basis for sustained inclusive growth. They continue to limit the talent pool that the economy needs to draw on for growth, as well as fail to transform our economy.

The draft Bill also aims to enhance the policy and institutional framework, and procedural mechanisms for the administration of the Act. These proposed amendments are designed to improve policy coherence and promote institutional and procedural efficiency.

EDD received over 60 inputs from the public, and engaged social partners (organised business and organised labour) through extensive formal consultations at Nedlac.

The Bill has been submitted to Parliament during the first half of the 2018/19 Financial Year, for consideration. The most significant amendments to the Act are to:

- Enhance the market inquiry process to empower the Commission to consider features of markets, including high levels of concentration and limited economic transformation and take any remedial action that is reasonable and practicable to address such features of a market that prevent, restrict or distort competition;
- Expand the consideration of cross-shareholdings, cross-directorships and past mergers, during merger control proceedings;
- Ensure scrutiny of the impact of mergers on the spread of ownership including black South Africans and workers in the firms concerned, as a public interest issue;
- Provide greater grounds for exemptions which allow for legitimate collaboration between firms where that collaboration may have a positive impact on employment or industrial expansion, and also provide the Minister with greater grounds for designation of industries which foster greater economic development, transformation and growth;
- Establish the rights and process in the Competition Act, for evaluating a foreign firm's proposed acquisition of a domestic firm, where the merger may have an adverse impact on national security;
- Enable the Commission to research and report on the impact of merger conditions and behavioural or structural remedies so that all stakeholders are informed about how the competition regime achieves the purposes of the Act; and

- Streamline and enhance various procedures governing the work of the competition authorities and the Minister in competition matters.

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. This section highlights key achievements EDD has made towards its 5 year target set out in its Strategic Plan.

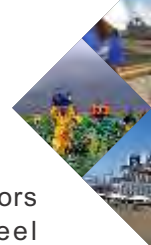
EDD's **first Strategic Objective** is to ensure good governance in the administration of the Department. EDD has attained unqualified audits and has worked to improve the level of governance and accountability achieved. The Management Performance Assessment Tool (MPAT) is a Department of Performance Monitoring and Evaluation (DPME) measure which includes evaluation of the service delivery improvement mechanism; management structures; audit committee; professional ethics; fraud prevention; internal audit; risk management; corporate governance; ICT and PAJA. This contributes to Outcome 12 of the MTSF "A combination of empowered political and administrative leadership, effective oversight, increased and focused support to address the weaknesses in the control environment of spending agencies (including their capacity and organisational constraints), will improve financial governance and in that way decrease the number of negative audit outcomes."

MPAT scores range from 1 to 4 with a 1 being a department that is non-compliant with legal or regulatory requirements and 4 being a department doing things in a SMART fashion. EDD's MPAT scores on governance and accountability have improved and in 2017/18 we received a score of 2.9 for the previous year.

EDD's **second Strategic Objective** is to coordinate jobs drivers and implementation of the New Growth Path (NGP) economic strategy in support of the National Development Plan. Key achievements include hosting two conferences in the year – one with Nobel Laureate Professor Joseph Stiglitz on inclusive development and industrialisation where South African

leaders from various sectors engaged on strategies for growth and job creation. The second conference was held on the Fourth Industrial Revolution, helping to shape our thinking on its impact, and on challenges and opportunities for South Africa. We provided Parliament with research the Department did on African regional integration – studies on trade links with other African countries – Kenya, Mozambique, Tanzania and Zimbabwe. EDD supported the development of agricultural value chains – the soya bean value chain is a successful example that has received our on-going support over a number of years, and the Department started support for a chickpea and mung bean value chain which will also promote development. A further example here, is the support provided to each of the provinces as well as the coordination of a MinMEC. By their nature, many of the work areas of the Department fall within more than one Strategic Objective. The interventions on competition policy (see below) have a direct impact on promotion of the NGP jobs drivers, for example the commitments made by AB InBev and Coca-Cola during two large mergers, which will impact on growing the agricultural value-chain. Similarly, trade support to the steel industry impacts the manufacturing jobs driver. The work done under this Strategic Objective supports Outcome 4 of the MTSF: "The NDP provides a long term vision through 2030 for accelerating GDP growth so that unemployment and inequality can be reduced and for creating a more inclusive society. This will be achieved through diligent implementation of plans and programmes, in particular the New Growth Path (NGP) the Industrial Policy Action Plan (IPAP) and the National Infrastructure Plan."

Our **third Strategic Objective** is to facilitate social dialogue and implementation of social accords. Key achievements here include work on the waste economy as part of implementing the Green Economy Accord and a further set of work on IPPs in the Eastern Cape. Initiatives supporting the implementation of the Youth Employment Accord include work to support entrepreneurship and enterprise development by the Deputy Minister and funding by the IDC for women and youth empowerment. IDC provided R963 million industrial funding (loans/equity) to youth enterprises and R2.2 billion for women-empowered enterprises in the past year. As noted above, the integrated approach enables activities in one Strategic Objective to positively impact in another: a case in point is the competition interventions (reported in Strategic Objective 6 below) that positively impacts youth and women empowerment, as well as the localisation provisions in a number of merger agreements that contribute to achievement of the Local Procurement Accord outcomes. The activities support Outcome 4:



“Workplace conflict is reduced and collaboration between government, organised business and organised labour improves.” and “...support the improvement of social partner engagement with a greater emphasis on industry and workplace level cooperation.” “Employment intensive programmes and initiatives will receive top priority, especially those that target the youth and women. Investment in new sources of growth will be encouraged and incentivised.”

EDD's **fourth Strategic Objective** is to coordinate infrastructure development and strengthen its positive impact on the economy and citizens. EDD's work include initiatives that unblocks infrastructure projects and promotes localisation. It also supports the work of the Presidential Infrastructure Coordinating Commission (PICC) by providing secretariat services, collecting data and preparing reports, and unblocking obstacles which prevent the rollout of infrastructure required by the National Infrastructure Plan. The PICC coordinates the work of the 18 SIPs – producing 69 reports during the year. An example to highlight is the support by the PICC to the Saldanha Bay Municipality and other stakeholders to expedite the completion of the Sunrise LPG Importation Terminal, which was officially launched in August 2017. The facility is the largest of its kind in South Africa. A number of reports provided to Cabinet, drawing on the data collected by the PICC, enabled the national executive to steer the country's multi-billion rand infrastructure programme. The work of the EDD Unit also includes the tracking of employment across the infrastructure programme, with youth employment data collected in a number of large projects. Work has been done by the Department (through the PICC Unit) with National Treasury to improve the budget processes as they relate to infrastructure funding.

The work of EDD and the PICC supports Outcome 6 which refers specifically to the inauguration of the PICC to bring key Ministers, Premiers and Metro Mayors together into a joint forum to promote infrastructure coordination and decision making, headed by the President.

EDD's **fifth Strategic Objective** is to promote productive investment, industrial financing and entrepreneurship for jobs and inclusive growth. IDC funding approvals for 2017/18 were R16.7 billion and disbursements were R15,4 billion. This supported 29 885 jobs (net jobs created and saved) over the period. IDC funding also crowded in R12.5 billion investment across a range of sectors including chemicals, metals, industrial infrastructure; tourism, ICT and media; new industries; and other manufacturing sectors such as

clothing and textiles. To assist priority sectors government among others, set up a Steel Competitiveness Fund to be administered by the IDC. EDD's oversight of the IDC and IDC activities support Outcome 4 “Government will implement measures to ensure the financial sector serves the real economy and people. This will necessitate the assessment of measures to increase the availability of industrial finance at competitive costs and for appropriate periods of time....”

EDD's **sixth Strategic Objective** is to promote competition, trade and economic regulation in support of job creation, industrialisation and economic inclusion. EDD's work on mergers and acquisitions since 2010 has resulted in the mobilisation of investment, job creation and support for local production. Interventions in a few large mergers stand out – such as Walmart, Afgri, Coca-Cola and AB InBev. EDD has continued to monitor the implementation of agreements that it had reached with companies and Competition Tribunal conditions. A recent success in this regard was Walmart's agreement to extend its commitment to its Supplier Development Fund beyond the term set by the Competition Tribunal – which was drawing to a close. This decision was based on engagement with EDD as well as the company benefitting from the initiative itself.

During this financial year, EDD's engagement with Chevron and its merger partner/s on a merger has resulted in commitments to investing R6 billion to upgrade the Milnerton oil refinery to make fuels environmentally safer. During the year we also engaged Old Mutual on a proposed transaction that, with full shareholder approval, has seen the company relocate from London and list on the JSE for its primary exchange listing. It made Johannesburg its global headquarters, and through our engagement, Old Mutual agreed to bring high-level finance jobs from London to South Africa, create a new R500 million fund for developing small business, ensure no jobs are lost and take its BEE share-holding levels initially to 25% and thereafter to best-in-class in the industry.

EDD published draft amendments to the Competition Act for public comment, and have received comments as well as engaged social partners on their views. This important work is discussed in more detail under the section on legislation, as it will have a significant impact on the working of the Competition Authorities.

EDD has worked closely with ITAC and the dti to support the steel industry. EDD and ITAC successfully defended a policy directive and Price Preference System, to ensure that the regulations on the control of

scrap metal exports introduced in 2013, would continue to be valid. During the year, seven customs duty increases recommended by ITAC were implemented to support the metals value chain. One outcome of government's efforts to support the industry, has been the re-opening of Highveld Steel as an industrial hub in Mpumalanga. The only railway lines produced on the continent are now produced there. Work done with ITAC on the scrap metal export tax among others, resulted in opening of new enterprises – CISCO in Cape Town began operations during the period under review and officially opened their operations in the 2018/19 financial year.

The work under this Strategic Objective supports MTSF Outcome 4 "...lower price increases for key inputs fosters investment and economic growth" and sub outcome 2, no 15. "Analysis of trade flows against national economic goals and support the efficient administration of ITAC".

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 PROGRAMME 1: ADMINISTRATION

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

Sub-programmes

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

Strategic Objectives, performance indicators, planned targets and actual achievements

The strategic intent of Programme 1 (Administration) is the identification and implementation of strategic interventions that will assist the Department to attain and maintain good governance through the efficient, economical and effective use of Departmental resources to deliver on Strategic Objectives.

For the 2017/18 financial year, the Administration Programme had two performance indicators and two products aimed at ensuring that the Department achieves an unqualified audit opinion and improvement in governance and accountability.

The Department achieved an **Unqualified Audit**

Opinion for the 2016/17 financial year which provides comfort that the Department's financial statements fairly reflect the financial position of the Department and that financial management systems are in compliance with the law. Audit findings were included in an audit action plan for 2017/18 (referred to as the "Heat Map") for implementation of corrective actions, and findings are systematically addressed and weaknesses identified in the preceding years' audit reports are improved.

Repeat audit findings were reduced in 2017/18 compared to the previous financial year (2016/17). The "Heat Map" was reviewed fortnightly to monitor progress made in addressing AGSA findings; the meetings are led and chaired by the office of the CFO. EDD received a clean audit for 2017/18.

The Department of Performance and Monitoring Evaluation's Management Performance Assessment Tool (MPAT) assesses performance in terms of governance and accountability (G&A) every year. EDD set a target of achieving a score of 2 on the MPAT assessment tool for 2017/18 and achieved a rating of 2.9 - a better outcome than the target. The Department scored well in the governance with respect to the functioning of its Audit committee; Fraud prevention; ICT Governance; Supply Chain Management (SCM) acquisition; Human Resource Development (HRD) and Human Resource (HR) planning. Improvement plans were developed based on remaining areas of weakness.

ACHIEVEMENTS ON PERFORMANCE INDICATORS

The three tables below highlight the performance achievements on the Strategic Objective for Programme 1. They also provide audited performance achievements on key performance indicators (KPIs) for the periods 2014/15 to 2016/17. This serves as comparative data for performance achievements for the period under review, 2017/18.



Strategic Objectives

PROGRAMME 1: ADMINISTRATION					
Strategic Objectives	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement for 2017/18	Comment on Deviations
Strategic Objective 1: To ensure good governance in the administration of the Department	Unqualified Audit Opinion	Unqualified Audit Opinion	Planned target achieved – see KPI 1	-	-
		Improvement in level of governance and accountability	Planned target achieved – see KPI 2	Level 2.9 obtained for G&A by MPAT (0.9 positive deviation)	Recorded improvement in levels of governance and accountability

Audited actual achievements for 2014/15 to 2016/17

PROGRAMME 1: ADMINISTRATION			
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17
KPI 1: Unqualified audit report	New KPI	1	2 1 Responded to AG requests and audit findings 1 Repeat audit findings were reduced compared to previous financial year
KPI 2: Measure improvement in support services to Strategic Objectives 2, 3, 4, 5 and 6 and the Ministry, as quantified by users	New KPI	1	2 1 Implementation of measures 1 Implementation of measures

2017/18 Performance achievements verified by AGSA

PROGRAMME 1: ADMINISTRATION					
Performance Indicator	Planned Target 2017/18	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/18	Comment on Deviations
KPI 1: Audit Opinion obtained in respect of the previous financial year	Unqualified Audit Opinion	1 Unqualified Audit Opinion	1 Unqualified Audit Opinion	0	-
KPI 2: G&A MPAT level obtained for previous year	Level two obtained for G&A by MPAT	1 Level two obtained for G&A by MPAT	1 Level 2.9 obtained for G&A by MPAT	0.9	An improved score was achieved

(KPI's 1 and 2 changed from 2016/17 to 2017/18. This is reported on extensively in the 2017/18 APP and explained in the Accounting Officer's report.)

All planned targets were achieved. Reasons for deviations are provided in the table above.

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 2017/18 APP as tabled in Parliament.

Linking performance with budgets

From the Departmental adjusted budget of R85 million, total expenditure for **Administration** for the year 2017/18, was R84 million or 98% of the programme budget.

Sub-programme expenditure

Sub-programme Name	2017/18			2016/17		
	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	21 090	20 884	206	20 061	18 355	1706
Office of the Director-General	12 125	11 008	1 117	11 129	11 037	92
Corporate Management Services	39 586	38 905	681	48 346	48 285	61
Financial Management	12 316	12 869	(553)	12 895	12 739	156
Total	85 117	83 666	1 451	92 431	90 416	2 015



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.

If we are to achieve success in promoting inclusive growth, we need to draw on strong economic development capacity, review and develop economic policies that will achieve our aims and work in a co-ordinated manner. Public policies should promote the broadening of participation in the economy and create decent work opportunities. It needs to mobilise all stakeholders in the economy around a common vision, facilitate social dialogue to help parties tackle the areas of difference where trade-offs need to be made to reach agreements that can be implemented.

Programme 2: "Growth Path and Social Dialogue" seeks to contribute to the achievement of these objectives— a programme with 6 Key Performance Indicators and 25 products. Work anticipated in the APP under this programme therefore includes initiatives and activities such as:

- Research on broad policy areas of the NGP/ economic development such as broad analysis of jobs performance
- Advocacy on socio-economic development
- Reports on administered prices
- Work undertaken by the Minister, Department or its agencies to promote the jobs drivers identified in the New Growth Path
- Reporting on the implementation of commitments in the Green Economy Accord
- Actions taken by EDD and its agencies to support black youth or women with access to employment or entrepreneurship; funding, and project unblocking
- Progress reports on actions taken on implementation of the Youth Employment Accord
- Work on MinMEC as a coordinating initiative across all provinces
- Support to provinces such as input on alignment of

- their APPs to national priorities
- Social dialogue interventions

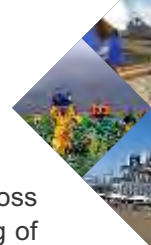
Strategic Objectives, performance indicators, planned targets and actual achievements

EDD met its planned targets in this programme for the year. It achieved 25 products across 6 KPIs. Key areas of its work in this area are highlighted.

EDD research on employment analysed South African labour market trends since the adoption of the New Growth Path in October 2010. Findings were published in a Jobs Report, and regular updates on labour market statistics were provided to Parliament. The report notes that approximately 8% of total jobs were lost over the Global Financial Crisis period, and the immediate focus of the New Growth Path was to place job creation at the centre of economic policy. Since then, the number of net new jobs has increased by 2 730 000, or 20%, to the current total of 16 378 000 employed. About 69% of these jobs have been formal non-agricultural jobs, and government, business services and construction have been the leading job-creating industries.

The report notes that this rate of job creation has been strong compared to that of other countries (both in absolute and relative terms), but has still not been enough to cope with large increases in the labour force. Since the adoption of the NGP by Cabinet, the labour force has increased by more than 4 million, or by close to 3% per year. This has been due to trends in the working age population, spatial development, and in large part because more people (many previously classified as 'not economically active') are now actively looking for work than before. As a result, the unemployment rate has increased from 25.4% to 26.7%. The report concludes by noting that higher growth that remains labour intensive is required, and that NGP and NDP employment goals remain attainable if this can be done.

Other reports which generated interest and were presented to Parliament covered South Africa's trade with other countries in Africa – Kenya, Mozambique, Zimbabwe and Tanzania. Mutually beneficial trade between South Africa and the rest of Africa is an important dimension of regional solidarity and, for South Africa, a key way to enhance economic opportunity and growth of the manufacturing sector. In 2017, exports to the rest of Africa totalled R310 billion, 26% of all South Africa's exports, and the total value of trade was R430 billion. Regionally, only Asia had a higher overall level of trade, but in our trade with the rest of Africa we sustain a strong positive trade balance (R116 billion in 2017) and crucially, we sell



manufactured products with high domestic value-add.

In 2016, roughly 250 000 South African jobs were directly associated with exports to the rest of Africa, according to IDC estimates. This is more than the level of jobs associated with EU exports and those associated with exports to BRICS. In 2017, seven percent of locally-manufactured car exports were exported to the rest of Africa, 28% of our truck exports were sold in the rest of Africa, and 48% of our machinery and mechanical appliances exports were exported to the rest of Africa.

EDD hosted two high-level conferences during the year.

The first Conference, on inclusive development and industrialisation, saw Nobel Laureate Professor Joseph Stiglitz and the Minister engaging South African leaders to identify strategies to grow more jobs in the economy. The discussion focussed on a growth strategy that seeks to expand industrialisation on the continent whilst diversifying to services and growing the agricultural base in order to avoid a dependence on manufacturing to provide the millions of new jobs required.

The second Conference, in the form of a Symposium on the Fourth Industrial Revolution, drew specialists as well as participants from government, business, universities and organised labour to consider its impact on economic development in South Africa to develop a country agenda.

The Department has supported the New Growth Path's jobs drivers through initiatives such as responding to challenges in the steel value chain; providing support to the development of the soya value chain and the chick pea and mung bean value chains; and doing research on South Africa's trade with other countries in the rest of Africa including Kenya, Mozambique, Tanzania and Zimbabwe (discussed above). Work in these areas have some notable results including the re-opening of Highveld Steel and the establishment of a steel hub in Mpumalanga; the growth of the soya bean and soya processing industry in South Africa – along with a growth in farmers, jobs and exports.

In reviewing and implementation of the Green Economy Accord, EDD reviewed work in waste or circular economy and identified successful initiatives in this regard. The case studies done highlight waste collection in townships; recycling waste oil to make a product that is used in production; waste to energy projects; using scrap metals to make steel; and turning E-waste conversion into training and job opportunities.

The waste streams also have multiplier benefits across sectors – for example, the case study on recycling of plastic bottles found that the recycled material could be used in beverage packaging, material for clothes, bedding items and roof insulation to replace dangerous fibre glass.

Work done under this programme has facilitated increased access to employment and entrepreneurship for black women and youth. The IDC's funding for women-owned businesses was R2.2 billion during the year. Funding to youth businesses was R963 million bringing the IDC's cumulative funding of youth business to R4.4 billion for the three-year period from 2015/16 to 2017/18.

IDC funding approvals for black empowered-companies was R9.6 billion net for the year. IDC approvals were R7.9 billion to Black Industrialists – i.e. business men and women who run their own businesses in productive areas of the economy rather than just own equity as minority shareholders in a business.

The Deputy Minister has been involved in initiatives to promote youth empowerment and as part of the government team in the Youth Employment Service (YES) initiative. The initiative by the private sector aims to provide 1 million unemployed youth from previously disadvantaged backgrounds with the opportunity to experience the world of work through paid internships. This Programme is aligned to the Youth Employment Accord and will harness the necessary support through partnership between government and CEOs. Furthermore, EDD engaged with young workers on jobs and increasing skills level in Appletiser, with unemployed youth of Atlantis, and with youth trade unionists.

The EDD had increased its work on provincial and local development. This year it provided support to all 9 provinces through activities including providing support in aligning provincial economic development plans with national planning frameworks and policy; strategic planning sessions with provincial officials; forums including conferences; and road shows led by the Development Funding Institutions (DFIs). Both the Minister and the Deputy Minister have engaged directly at grass root level.

The Economic Development Department convened an Informal Street Traders Conference in the Limpopo Province which attracted about 150 participants. The Deputy Minister helped drive discussion among the three spheres of government, government agencies, business representatives and informal traders on

issues including: challenges and concerns (e.g. finance, infrastructure and safety, markets, standards, legislation, inter-governmental issues); how to strengthen the capacity of the state to address challenges facing informal business, how to improve the ease of doing business in their trading space and the quality of life for informal traders.

As discussed above, by its nature, many of the work areas of the Department fall within more than one Strategic Objective. The interventions on competition policy (see below) have a direct impact on the

promotion of the NGP jobs drivers, for example the commitments made by AB InBev and Coca-Cola during two large mergers, which will impact on growing the agricultural value-chain. Similarly, trade support to the steel industry impacts on the manufacturing jobs driver. A further case in point is the competition interventions (reported in Strategic Objective 6 below) that positively impacts on youth and women empowerment, as well as the localisation provisions in a number of merger agreements that contribute to achievement of the Local Procurement Accord outcomes.

Strategic Objectives

PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE					
Strategic Objectives	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement for 2017/18	Comment on Deviations
Strategic Objective 2: Coordinate jobs drivers and implementation of the New Growth Path economic strategy in support of the National Development Plan	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 Economic policy influenced or developed that prioritises jobs or further develops the NGP 1 Additional coordinating Structure developed and/or supported	Planned target achieved. See KPI 3 and 4	-	-
Strategic Objective 3: Facilitate social dialogue and implementation of social accords	2 Initiatives on industrial relations, social accords and social partner institution-building	Support 1 sector and 2 work places to implement social dialogue Monitoring the implementation of 1 accord	Planned target partly achieved – see KPI 5, 6 and 8.	Work was not done in 2 workplaces under this Strategic Objective	Work done in workplaces is captured across a range of KPIs



Audited actual achievements for 2014/15 to 2016/17

PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE			
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17
KPI 3: Number of reports and reviews on NGP framework, integration into economic policy and infrastructure programmes; and public policy advocacy on jobs and inclusive growth	6	5	5 1 Report on initiatives on jobs and public policy advocacy 1 Report on initiatives on jobs and economic development: Report on NGP Review Reports on public policy advocacy by Minister to promote investment, employment and economic development 1 Economic Development Conference 1 Economic Indicators Bulletin
KPI 4: Number of strategic support provided for the implementation of jobs drivers of the NGP	4	10	2 2 Initiatives to support the implementation and coordination of the following jobs drivers: 1. Agriculture and agro processing 2. Mining and beneficiation
KPI 5: Number of initiatives to support the green economy and the implementation of the green economy accord	2	3	2 1 Report on support for Green Economy Accord and opportunities for local production 1 Report on initiatives to support the Green Economy Accord
KPI 6: Number of interventions/ reports on black women and youth with access to employment and entrepreneurship opportunities	4	4	3 3 Initiatives to empower youth
KPI 7: Number of spatial, local and provincial initiatives supported to promote socio-economic development	6	9	10 4 Initiatives to support the development of provincial economic development plans 2 Initiatives to support alignment of provincial APPs with MTSF 1 Meeting – Secretariat and technical support for MinMEC 1 Report on impact of funding of provinces 1 Initiative to support interventions to improve social and economic conditions in mining regions 1 Support for a local government initiative to green the economy
KPI 8: Number of developmental and support programmes for more effective industrial relations and support for implementation of social accords	4	4	2 1 Initiative in support for more effective industrial relations 1 Initiative to support implementation of social accords



2017/18 Performance achievements verified by AGSA

PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE				
Performance Indicator	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/18	Comment on Deviations
KPI 3: Number of analytical and public policy advocacy reports on socio-economic development and the NGP produced	4 Reports	4 Reports on: 1. Jobs performance in the economy 2. Analysing profile of the unemployed; and on public policy advocacy by the Minister on jobs/ inclusive growth 3. Inclusive Growth Symposium with Prof Stiglitz 4. Infrastructure input prices	-	-
KPI 4: Number of reports on NGP jobs drivers and coordination structures	4 Reports	4 Reports on: 1. Agriculture value chain 2. Mining & metals value chain 3. 4th Industrial Revolution – knowledge based sectors 4. Regional integration	-	-
KPI 5: Number of reports on the implementation of the Green Economy Accord	2 Reports	2 1 Report on implementation of the Green Economy Accord including a focus on the waste economy 1 Report on implementation of the Green Economy Accord - focus on renewables	-	-
KPI 6: Number of reports on black women and youth with access to employment and entrepreneurship opportunities	3 Reports	3 1 Report on actions supporting women and youth to access employment and entrepreneurship 1 Report on progress on actions to give effect to the Youth Employment Accord 1 Report on youth entrepreneurship - hosting of youth entrepreneurs in Mangaung	-	-
KPI 7: Number of reports on support provided to provinces	10 9 Provincial reports on supporting the alignment of provincial economic development APPs with MTSF; meetings with provincial officials, forums with communities and road shows with public agencies:	10 9 Reports on supporting the following provinces through the alignment of provincial economic development APPs with MTSF; meetings with provincial officials, forums with communities and road shows with public agencies with:	-	-



PROGRAMME 2: GROWTH PATH AND SOCIAL DIALOGUE				
Performance Indicator	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/18	Comment on Deviations
	1. Gauteng 2. Eastern Cape 3. Western Cape 4. North West 5. Northern Cape 6. Mpumalanga 7. Free State 8. KwaZulu-Natal 9. Limpopo 1 Provincial coordination report on MinMEC	1. Gauteng 2. Eastern Cape 3. Western Cape 4. North West 5. Northern Cape 6. Mpumalanga 7. Free State 8. KwaZulu-Natal 9. Limpopo 1 Report on provincial coordination through MinMEC		
KPI 8: Number of reports on social dialogue interventions to save and create on implementation of Social Accords	2 Reports	2 1 Report on the implementation of the Local Procurement Accord to Nedlac 1 Report on the implementation of the Mining Accord - distressed mining towns	-	-

(KPI's 3 to 8 changed from 2016/17 to 2017/18. This is reported on extensively in the 2017/18 APP and explained in the Accounting Officer's report.)

There were no deviations in the annual targets being achieved in this programme.

Strategy to overcome areas of under performance

There was no underperformance for this programme for the year's target - the Department achieved its target of 25 products in the programme. The Executive Authority requested that the quality and impact of the products by the Department be improved in the next financial year.

Changes to planned targets

There were no in-year changes to planned targets and indicators for the period under review. The EDD implemented its 2017/18 APP as tabled in Parliament.

Linking performance with budgets

Expenditure for **Programme 2** amounted to R31 125 000 or 98.1% of the adjusted programme budget of R 31 736 000.

Sub-programme expenditure

Sub-programme Name	2017/18			2016/17		
	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 Job Drivers	22 786	22 308	478	20483	19 715	768
Social Dialogue, Productivity and Innovation	8 950	8 817	133	9404	8 082	1 322
Total	31 736	31 125	611	29 887	27 797	2 090

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

Sub-programme

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

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

Strategic Objective 5: Promote productive investment, industrial financing and entrepreneurship for jobs and inclusive growth

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

Strategic Objectives, performance indicators, planned targets and actual achievements

Strategic Objective 4

The Department, through the PICC Technical Unit provided support for the implementation of the National Infrastructure Plan, through the work of the Secretariat of the PICC. The PICC monitors and coordinates the National Infrastructure Plan comprising of 18 Strategic Integrated Projects (SIPs), where more than 320 projects are tracked quarterly. These projects sustain more than 190 000 jobs and comprise investment in public infrastructure which includes the construction of power plants, schools, hospitals, roads, port development, water pipelines and new bus route systems.

The work of the PICC in the past year included:

- Fast tracking and facilitating the unblocking of 8 infrastructure projects forming part of the National Infrastructure Plan.
- Compiling 69 Cabinet-level progress reports on the Strategic Integrated Projects.
- Facilitating 30 PICC Council, Management Committee and Secretariat meetings, as well as reports into Cabinet-Makgotla and monthly SIP forums.
- Implementing 4 Cabinet decisions including areas of work focused on competition and transformation

in the construction industry.

- Coordinating SIP 5 which covers the Saldanha-Northern Cape Development Corridor. Significant progress was made in the oil and gas sector with the launch of the Sunrise LPG import terminal facility and the announcement of the offshore operator for the Transnet offshore supply base.
- Fast tracking and monitoring infrastructure projects identified by Cabinet, covering energy, higher education, health, transport logistics and water projects. Three reports on the progress of these projects were presented to Cabinet and PICC Council.
- 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 technical support to facilitate the extension of powers of Officers of the Peace and other law enforcement agencies.

Case Study: Launch of Sunrise Energy LPG Import Terminal facility

SIP 5 - the Saldanha-Northern Cape Corridor is co-ordinated by the Minister of Economic Development.

The work supported the development of a terminal gas facility. Key metrics:

- Launch of the terminal gas facility in Saldanha Bay: 7 August 2017
- Total length of the pipe in the sea is 3,2km
- Total pipe length overland is 2,1km
- Five large storage 'bullets', each with a capacity of 1 100 metric tonnes (MT)
- Local steel used to produce storage bullets
- Phase 1 includes 5 500 MT of storage and will allow for the imports of up to 17 500 MT of LPG per month
- Ultimate storage capacity of 16 500 MT and throughput capacity of 52 000 MT/month
- Largest facility of its kind in Africa.

On the 28th August 2017, the Master of the High Court issued a letter of authorisation establishing the Tirisano Construction Fund. The fund was established to give effect to the objectives of the Settlement Agreement signed in October 2016 between government and the seven construction companies fined for collusion relating to the 2010 Soccer World Cup stadia. The fund aims to enhance the transformation objectives of the construction industry through providing working capital to black-owned construction companies, bursaries to historically disadvantaged persons studying within the

built environment, promoting social infrastructure and providing built environment professional services to government. A total of R240 million has been allocated by National Treasury in the 2018/19 financial year for the operations of the Tirisano Construction Fund.

Strategic Objective 5

The Minister of Economic Development, supported by officials of EDD, provided oversight of the work of the IDC. The Minister participated in the public release of the IDC's annual report, and held a number of engagements with the IDC's management, staff and board in order to provide input on the IDC's Corporate Plan, its policies and to provide strategic guidance. The Minister also considered IDC applications for PFMA approval and addressed governance issues.

In the 2017/18 year, the IDC approved R16.7 billion in transactions and disbursed R15.4 billion. The funding provided resulted in 23 348 jobs that are projected to be created and 6 537 jobs saved (a total of 29 885 jobs facilitated). Approvals for Black Industrialist amounted to R7.9 billion and industrial funding to youth-empowered and women-empowered businesses amounted to R963 million and R2.2 billion respectively.

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

- Unblocked local procurement processes which resulted in a local producer supplying wheels which were previously imported to Transnet.
- Ensured that the sale of an IDC-business within the Scaw Metals Group included commitments by the new owners on employment as well as supporting small steel manufacturers with inputs.
- Supported the Coega IDZ in procuring locally manufactured transformers after the product was designated for local procurement.
- Supported OSHO Cement in getting a water user license to commence production of cement in the Eastern Cape.
- Supported Da Gama Textile in getting textile orders from SAPS and Eskom.
- Supported PP Excel - a new investment - getting access to the electricity grid.
- Supported Silicon Smelters in their negotiations regarding energy tariffs which resulted in the re-opening of their factory which supports 3 424 direct and contract jobs.
- Massmart agreed to voluntarily expand their Supply Development Fund beyond the mandatory 5 years, with a proposed funding of R30 million a year.

Case Study: Highveld Steel

In 2016/17 EDD brought AMSA (ArcelorMittal) and Highveld Steel together to re-establish the Highveld Structural Steel Mill in the then closed Highveld Steel facility. During April 2017 the steel-mill started production and Highveld Steel began to turn the Old Highveld Steel complex into a multi-purpose industrial hub with a:

- Steel-making facility
- Training centre
- Coal-storage depot for junior miners
- Maintenance workshop for trucks and dumpsters

However, as the initiative started, it met challenges that threatened its survival. The structural mill in Highveld Steel was reopened on the assumption of tariff support. EDD had helped to unblock the trade review processes. Following an investigation, ITAC recommended duties, which were later approved by the Minister of Trade and Industry. A delay in the implementation of the duty led to concerns about the viability of the plant. In order to assist in fast-tracking the process, given the urgency of the matter, EDD engaged with National Treasury with the result that the Minister of Finance approved the duties on 24 July 2017 and the SARS notice followed on the 26 July 2017. Tariffs increased from free of duty to 10% ad valorem on structural steel, thus providing support to the local industry, employment and the infrastructure programme.

The re-opening of this facility has contributed to South Africa's ability to produce steel goods for infrastructure on the continent. Using blooms from AMSA, the Steel Mill is now able to produce railway lines – making this the only facility in Africa producing railway lines.

By March 2018 total employment was in excess of 600 employees across the various activities in the industrial hub.



Strategic Objective 6

The Minister participated in specific mergers during the period under review, on public interest grounds, as provided for in the Competition Act, with significant impact in a number of sectors. We highlight a few in the section that follows:

- Financial services company Old Mutual had, some 20 years ago shifted its global headquarters to London and its primary listing to the London Stock Exchange. The Old Mutual merger saw a major restructuring of the Group, with its largest business unit returning home to South Africa with a primary listing on the JSE that is a boost to the local market. During the engagement with the company, a number of public interest commitments were agreed and made into conditions of the merger. These included that the company's global headquarters would be in Johannesburg, that high-level finance jobs previously performed in London be brought back to South Africa, that a new R500 million fund for developing small business be launched, that no jobs are lost as a result of the merger transaction and that its BEE share-holding levels be increased to 25% of total equity and thereafter to best-in-class in the industry.
- Chevron, a large US oil-company with a refinery and Caltex service stations across South Africa, decided to sell its local assets, initially to Sinopec, a large Chinese oil-company. Ministry and EDD engaged the merger parties and agreed a range of public interest conditions. These included a commitment by the purchaser to invest an additional R6 billion in the refinery within five years and to establish a R215 million development fund to support small and black-owned businesses in the value chain. The acquiring company also made a commitment to maintain or increase levels of procurement from local suppliers, and to maintain aggregate levels of employment in the company for at least five years. An innovative provision was the commitment by Sinopec to promote the export of SA made goods in the shops in China. They also agreed to increase the levels of BEE from 25% to 29%. These commitments were made conditions of the merger. Subsequently, a new merger filing was made by a company OTS, which exercised a right-of-first-refusal by bidding to match the Sinopec merger price. Government had, by date of finalisation of this Annual Report (August 2018), concluded a public interest agreement with the new bidders that is expected to match the relevant public interest conditions agreed by Sinopec, but with stronger

BEE outcomes.

- Coca-Cola Beverages Africa bought back the equity in its bottling operations held by AB InBev, in a new transaction following the merger transaction reported on in the previous Annual Report. Government and the company agreed on extending the previously-agreed public interest conditions to the new transaction, with three significant additions. These are that the company will maintain its aggregate levels of employment for roughly five years (compared to three years previously committed to), it will increase the BEE shareholding from 11% to 30% (previous target: 20%) and it will provide South African companies a fair opportunity to bid to become the controlling shareholders in the company's Africa bottling operations.

Ongoing market inquiries into Data Cost, Private Healthcare and Grocery Retail Sector were held during the year. The Liquefied Petroleum Gas Market Inquiry was completed during the reporting period and tabled in Parliament in May 2017.

Major work was undertaken on proposed amendments to the Competition Act (see section on legislation and policy).

ITAC has worked closely with EDD and the dti to support the steel industry.

EDD and ITAC successfully defended legal challenges to the Minister's Trade Policy Directive on the export of scrap. The policy directive provided that scrap metal could not be exported unless it had first been offered to domestic users of scrap at a discounted price with the aim of meeting a number of development objectives, including addressing supply of metal to the domestic manufacturing industry as part of the National Infrastructure Plan as well as reducing carbon emissions and high energy use (which would be the case if iron-ore was used instead). It aimed to assist in reducing the market demand for scrap metal which has fuelled the large-scale theft of metal and cables. During the year, seven customs duty increases recommended by ITAC were implemented, supporting the metals value chain. Rebate duties were also recommended and implemented to lower the cost of production and promote economic development. One outcome of government's efforts to support the industry, has been the re-opening of Highveld Steel as an industrial hub in Mpumalanga (see above).



Strategic Objectives

PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE					
Strategic Objectives	Actual Achievement 2016/17	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement for 2017/18	Comment on Deviations
Strategic Objective 4: Coordinate infrastructure development and strengthen its positive impact on the economy and citizens	4 SIP 5 Chair, Coordinator and/or Steering Committee Meetings facilitated	Driving SIP 5	Target achieved. See KPI 13	-	-
	3 Initiatives to support local procurement of goods and services	Promote localisation	Target achieved. See KPI 10 and 14	-	-
	9 Obstacles unblocked in infrastructure as identified by PICC	Monitoring and unblocking of infrastructure projects	Target achieved. See KPI 9,10, 11, 12, 13	-	-
		Enable economic assessments of 1 selected infrastructure project	Target achieved. See KPI 12		
Strategic Objective 5: Promote productive investment, industrial financing and entrepreneurship for jobs and inclusive growth	4 Strategic engagements with IDC	Strategic oversight to help support achievement of 90% of agreed industrial funding target	Target achieved. See KPI 18	-	-
	13 Investment initiatives facilitated unblocked	Monitoring and unblocking of financing to increase the baseline	Target achieved. See KPI 15, 16,17	-	-
	2 Reports / initiatives and 2 case studies on industrial funding				
	5 Impact reports				
Strategic Objective 6: Promote competition, trade and economic regulation in support of job creation, industrialisation and economic inclusion	11 Reports on strategic actions on competition and public interest	3 Reports on mergers and acquisitions, market inquiries or abuse of dominance	Target achieved. See KPI 20	+7	Ministerial decision to intervene in mergers taking place to ensure public interest; and to launch market inquiry into data costs
	1 Capacity-building initiative and 1 review of economic regulators	1 Report on Amendments to the Competition Act	Target achieved. See KPI 20	+1	
	2 Initiatives to ensure trade authorities and policies support industrialisation, employment and other national development objectives				
	8 Engagements with Trade and Competition Authorities to increase administrative efficiencies				



Audited actual achievements for 2014/15 to 2016/17

PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE			
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17
KPI 9: Number of quarterly Cabinet-level progress reports of infrastructure Strategic Integrated Projects (SIPs)	72	72	72 SIP Reports
KPI 10: Number of infrastructure projects unblocked, fast-tracked or facilitated	14	22	9 9 Initiatives
KPI 11: Number of Cabinet and PICC strategic decisions on infrastructure implemented	5	8	5 5 Cabinet decisions implemented
KPI 12: Number of PICC meetings held and facilitated	44	30	31 5 PICC meetings held and facilitated – 3 PICC Secretariat meetings; 1 PICC Manco; 1 Cabinet Memorandum 11 PICC meetings held and facilitated – 7 PICC Manco; 4 PICC SIP Coordinators' Forum 3 PICC meetings held and facilitated – 1 PICC Manco; 2 SIP Coordinators' Forum 12 PICC meetings held and facilitated – 4 PICC Manco, 3 PICC Secretariat; 3 SIP Forum; 1 Cabinet Lekgotla; & PICC Secretariat
KPI13: Drive implementation of SIP 5 of the National Infrastructure Plan	New KPI	4	4 4 Meetings/ initiatives



PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE			
Performance Indicator	Actual Achievement 2014/15	Actual Achievement 2015/16	Actual Achievement 2016/17
KPI 14: Support programmes to drive localisation in the infrastructure programme, including through PPPFA, and local supplier development initiatives	New KPI	8	3 3 Initiatives to enhance local procurement
KPI 15: Number of investment initiatives facilitated, fast tracked and/or unblocked	13	16	13 1 Initiative facilitating/ promoting investments 12 unblocking initiatives
KPI 16: Establish and monitor industrial funding targets for identified jobs drivers in townships	2	3	4 2 Initiatives – one urban and one rural 2 Case studies
KPI 17: Number of reports on the level and impact of industrial finance available from IDC and departments	3	6	4 4 Reports
KPI 18: Number of strategic engagements with the IDC	4	8	4 Ministry had a number of strategic engagements with IDC each quarter (4)
KPI 19: Connect infrastructure with productive investment and growth, including where appropriate through off-take agreements	New KPI	2	2 1 BRICS New Development Bank (NDB) loan approval to Eskom 1 Report on electrification
KPI 20: Number of strategic engagements to support and strengthen economic regulators	1	2	2 1 report on capacity building with economic regulators 1 report on the review of existing role, and capacity of regulators: ITAC inspectorate
KPI 21: Number of initiatives on mergers and acquisitions and market inquiries or reports on compliance with conditions of mergers and acquisitions	New KPI	4	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
KPI 22: Number of initiatives to ensure that trade authorities and policies support industrialisation, employment and other national development objectives	4	3	2 1 Report on analysis of trade flow with policy implications 1 Policy Directive on trade
KPI 23: Number of engagements with trade and competition authorities to increase administrative efficiencies	5	7	8 Ministerial engagements each quarter (4) EDD engagements each quarter (4)



2017/18 Performance achievements verified by AGSA

PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE				
Performance Indicator	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/18	Comment on Deviations
KPI 9: Number of quarterly Cabinet-level progress reports of infrastructure Strategic Integrated Projects (SIPs)	64 SIP Reports	69 SIP Reports on the 18 SIPs	+5	PICC overachieved
KPI 10: Number of infrastructure projects evaluated, unblocked, fast-tracked or facilitated or project assessments completed	8 Action minutes	8 Action minutes on: 1. Construction of Mbuqe Extension Senior Primary School 2. WULA on Berg Project 3. Borehole in Eastern Cape 4. City of Cape Town intervention 5. Eastern Cape Provincial Heritage Resources Authority 6. De Hoop dam project unblocking in Jane Furse 7. Limpopo Academic Hospital 8. Butterworth emergency water scheme	-	-
KPI 11: Number of Cabinet and PICC strategic decisions on infrastructure implemented	4 Action minutes	4 Action minutes on: 1. Ministerial engagement with SALGA 2. Steel Development Fund 3. Registration of Tirisano Trust Fund 4. Raubex/ WBHO/Stefanutti mergers	-	-
KPI 12: Number of PICC meetings held and facilitated	7 Record of meetings Q1	5 Record of meetings: PICC meetings held and facilitated 2 PICC Secretariat meetings 3 SIP Coordinators Forums	-2	PICC meetings are scheduled based on operational requirements and the availability of PICC members
	8 Record of meetings Q2	9 Record of meetings: PICC meetings held and facilitated 1 PICC Manco 1 PICC Secretariat meeting 1 Presentation to Cabinet Lekgotla 3 SIP Coordinators' Forums 1 Tirisano Board meeting 1 Gauteng Infrastructure Investment Conference 1 Minister's engagement with Technical Unit	+1	PICC meetings are scheduled based on operational requirements and the availability of PICC members



PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE				
Performance Indicator	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/18	Comment on Deviations
	7 Record of meetings Q3	10 Record of meetings: PICC meetings held and facilitated: 2 PICC Manco meetings 1 PICC Presentation to Parliament 1 Tirisano Construction Fund – Trustees meeting 2 SIP Coordinator's Forums 1 PICC Secretariat 1 PICC Council 1 Minister's engagement with Technical Unit 1 PICC Engagement with SAICE	+3	PICC meetings are scheduled based on operational requirements and the availability of PICC members
	8 Record of meetings Q4	6 Record of meetings: PICC meetings held and facilitated: 1 PICC meeting held 1 Tirisano Construction Fund meeting 1 Minister's engagement with PICC Technical Unit 1 Cabinet Lekgotla 1 SIP Coordinator's Forum 1 Ministers' engagement with President Ramaphosa on PICC	-2	PICC meetings are scheduled based on operational requirements and the availability of PICC members
KPI 13: Number of coordination actions to drive implementation of SIP 5 of the National infrastructure Plan	4 Record of coordination	4 Record of coordination on: 1. SIP 5 Steering Committee meeting 2. Launch of Sunrise Energy LPG import terminal facility 3. Saldanha offshore supply base intervention 4. Vaal Gamagara	-	-
KPI 14: Number of reports on initiatives to increase localisation in the infrastructure and industrialisation programmes, including through the PPPFA, and local supplier development	4 Reports	4 Reports on: 1. Naledi Foundry (Benoni) 2. Cisco – building of local steel capacity 3. Developing railway capacity at the Highveld Structural Steel Mill 4. Massmart Supplier Development Program top-up	-	-



PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE				
Performance Indicator	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/18	Comment on Deviations
KPI 15: Number of investment initiatives facilitated, fast tracked and/or unblocked	14 Action minutes	14 Action minutes on: 1. Transformer Designation 2. LKA Enterprise Green Water Treatment Technology 3. Cofco International – Eskom 4. Duty on structural steel 5. WULA for OSHO Cement (Pty) Ltd 6. Da-Gama Textiles 7. AB InBev 8. PP Excel 9. Telkom Southern Networking 10. Pelchem 11. Silicon Smelters 12. Varsity Bread Licence 13. Proudly SA/ Massmart 14. Glodina	-	-
KPI 16: Number of reports produced on the funding allocations on township enterprises by DFIs and government departments	3 Reports	3 Reports on: 1. sefa funding allocation for township enterprises and jobs impact 2. Township enterprise case studies 3. DFI and government funding	-	-
KPI 17: Number of reports on the level and impact of industrial finance by DFIs and departments	4 Reports	4 Reports on: 1. Level and impact of industrial funding by DFIs 2. Level and impact of IDC funding 3. IDC quarterly report 4. Level and impact of IDC funding	-	-
KPI 18: Number of Ministerial or Departmental oversight engagements with the IDC held	4 Record of engagements	4 Record of engagements 1. Ministerial engagement with IDC and Departmental engagements 2. Ministerial engagement with IDC and Departmental strategic engagements with IDC 3. Ministerial/ Departmental strategic engagements with IDC 4. Record of engagement on Ministerial / Departmental engagement with IDC	-	-



PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE				
Performance Indicator	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/18	Comment on Deviations
KPI 19: Number of economic development opportunities identified through infrastructure projects	1 Action minute	2 Action minutes on: 1. Scaw Metal 2. Eskom servitude over the Matla-Jupiter transmission line	+1	Responded to demand
KPI 20: Number of strategic initiatives to enhance the capacity, performance & outcomes of economic regulators held	2 Action minutes	3 Action minutes on: 1. Amendment of Competition Commission rules 2. Strategic engagement by the Minister to the capacity of the Competition Commission 3. Competition Bill Amendments	+1	Ministerial decision to make amendments to the Competition Act to enhance the capacity of the regulator
KPI 21: Number of reports on initiatives on mergers and acquisitions, market inquiries or abuse of dominance	4 Reports	11 Reports on 1. Market inquiry on LPG 2. Launch of the market inquiry in data costs 3. Coca-Cola public interest (B- BBEE) 4. Bayer/Monsanto merger 5. Coca-Cola Bottling SA (CCBSA) 6. Other mergers 7. Compliance 8. Old Mutual 9. Barnes/ Scaw 10. Chevron/ Sinopec 11. Amendments to Competition Act	+7	Minister intervened in a number of mergers to represent the public interest. EDD also carried out compliance assessments on previous mergers in which EDD had intervened.
KPI 22: Number of initiatives to ensure trade authorities and policies support industrialisation, and employment	2 Action minutes	2 Action minutes on: 1. Scrap metal 2. Automotive Production and Development Programme (APDP) changes	-	-



PROGRAMME 3: INVESTMENT, COMPETITION AND TRADE				
Performance Indicator	Planned Target 2017/18	Actual Achievement 2017/18	Deviation from Planned Target to Actual Achievement 2017/18	Comment on Deviations
KPI 23: Number of Ministerial/Departmental oversight engagements with trade and competition authorities held	5 Records of engagement	6 Records of engagement: 1. Quarterly reports and Departmental engagements 2. Ministerial oversight engagements 3. Quarterly reports and Departmental engagements 4. Record of engagement on Departmental engagements 5. Ministerial oversight engagements 6. Quarterly reports and Departmental engagements	+1	Additional Ministerial oversight engagements

(KPI's 9 to 23 changed from 2016/17 to 2017/18. This is reported on extensively in the 2017/18 APP and explained in the Accounting Officer's report.)

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 target was 153 products and 168 products were delivered for the year. The Executive Authority requested that the quality and impact of the products by the Department be continuously improved in future financial years.

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 2017/18 as tabled in Parliament.

Linking performance with budgets

Actual expenditure for **Programme 3** and its sub-programmes amounted to R797 259 000 or **99.9%** of the adjusted programme budget of R797 384 000 for the 2017/18 financial year. Spending in this programme is driven mainly by transfer payments to the Departmental entities and agencies.

Sub-programme expenditure

Sub-programme Name	2017/18			2016/17		
	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	261 753	261 663	90	220 652	220 620	32
Competition, Trade and Other Economic Regulation	396 133	395 913	220	319 068	318 146	922
Infrastructure Development Coordination	139 498	139 683	(185)	12 623	8 103	4 520
Total	797 384	797 259	125	552 343	546 869	5 474

5. TRANSFER PAYMENTS

5.1. TRANSFER PAYMENTS TO PUBLIC ENTITIES

Name of Public Entity	Services Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity R'000	Achievements of the Public Entity R'000
Competition Commission	The Competition Commission is the investigative and enforcement arm of the Competition Act. It investigates mergers and/ or anti-competitive conduct and reflects its findings to the Competition Tribunal for a decision	263 354	263 354	See Part A of this report
Industrial Development Corporation – for sefa, the PICC and two Funds administered by the IDC.	The Industrial Development Corporation is a national development finance institution with the objective of leading industrial capacity development. The corporation aligns its priorities with those identified in terms of government policies and programmes related to industrial development, including relevant elements of the NDP, the New Growth Path and the Industrial Policy Action Plan Sefa- provides access to Small Medium and Micro Enterprises via Direct Lending and Intermediaries PICC- Through the PICC's secretariat, the Department provides support for the implementation of the national infrastructure plan and its 18 strategic integrated projects, which include the construction of power plants, schools, health care facilities, roads, ports, water pipelines and bus route systems Steel Development Fund - finances initiatives, which directly address competitiveness issues Tirisano fund - contributes to the transformation of the construction industry through the development and promotion of construction firms owned and managed by black people	385 780	240 685	See Part A of this report
Competition Tribunal	The Competition Tribunal adjudicates on mergers and prohibited practice cases that involve anti-competitive outcomes achieved either through co-ordinated conduct between competing firms or through unilateral conduct by a dominant firm	30 041	30 041	See Part A of this report
International Trade and Administration Commission of South Africa	ITAC aims to create fair trade conditions that will boost South Africa's economic development and growth. ITAC comprises three core business units, namely Tariff Investigations, Trade Remedy Investigations and Import and Export Control	99 065	99 065	See Part A of this report
Total		778 371	633 145	

The difference between the amount of R385.8 million transferred to the IDC, and the amount spent of R240.7 million, relates to the R117 million transferred for the Tirisano Fund and in part to the funds transferred for the Steel Competitiveness Fund. Disbursements from the Tirisano Fund awaited final registration of the Fund.

Transfers to IDC include:

- sefa – R223 780 000
- PICC – R15 000 000
- Steel Development Fund – R30 000 000
- Tirisano Construction Fund – R117 000 000

5.2 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

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

Donor Fund: **SMB Iron and Steel Manufacturers (Pty) Ltd**

Name of donor	EU/ the dti
Full amount of the funding	R 2.541 million
Period of the commitment	2016/17 and 2017/18
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 3 currently completed at end of 2016/17 and Phase 4 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)	R 0.00
Amount spent by the Department	R 1.270 million
Reasons for the funds unspent	N/A
Monitoring mechanism by the donor	Review of reports



8. CAPITAL INVESTMENT

8.1 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

The EDD commenced the 2017/18 financial year with movable tangible capital assets (including transport assets, computer equipment, furniture and office equipment, and other machinery) of R13.7 million and software worth R4.3 million. An amount of R333 000 was added during the financial year; whilst R125 000

worth of assets were disposed (this 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 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.

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PART C: GOVERNANCE





1. INTRODUCTION

The Department has a legislative responsibility, in terms of public service regulations and the PFMA, in ensuring good governance, ethics and accountability in the management of public finances and resources. Pursuant to this commitment, EDD has established governance structures that monitor the effective, efficient and economic use of state resources.

EDD maintained systems and processes which enhance its governance processes and compliance with legislative frameworks in the areas of Risk Management, Internal Audit, Information Technology, Budget, and Corporate Management.

2. RISK MANAGEMENT

According to the PFMA, the Accounting Officer must ensure that the Department develops and maintains effective, efficient and transparent systems of financial, risk management and internal controls. EDD's approved Risk Management Policy, Strategy and Implementation Plan is anchored on this regulated requirement.

The annual strategic risk assessment conducted in 2017 identified risks threatening the achievement of the Department's Strategic Objectives as well as new and emerging risks impacting on organisational performance. Management continued to monitor progress on the strategic and operational risks reported in various governance structures such as Manco and EXCO.

The established Risk Management Committee (RMC) chaired by a senior official from the Department of Trade and Industry (**the dti**) operates separately from the Audit Committee. The responsibilities of the RMC include the review of management reports to determine the effectiveness of risk management processes within EDD. The quarterly meeting reports of the RMC are discussed at Audit Committee meetings and critical issues are escalated to the Accounting Officer.

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 maturity levels of risk management are gradually improving in the Department with noticeable progress

in the achievement of APP targets and key performance indicators and progress reported at MPAT. More effort will be placed in improving reporting mechanisms in the Department.

3. FRAUD AND CORRUPTION

EDD recognises fraud and corruption as a threat to the South African economy as it undermines good governance including the ethical and financial health of public institutions. EDD remains committed to the fight against fraud and corruption.

In the period under review, the Department continued to monitor adherence to and implementation of the approved Fraud Prevention Strategy and Plan, as well as the related Fraud Prevention Policy and procedures. The Department conducted a fraud risk assessment and compiled registers which were continuously monitored and progress was reported at relevant governance structures.

A process to review the existing EDD Whistle Blowing Policy commenced in 2017/18. The policy provides employees with significant information on procedures to be followed when making confidential disclosures or reporting incidents of suspected fraud and corruption. This is institutionalised through educational awareness creation campaigns implemented in the Department.

EDD remains committed to investigating all reported cases of fraud and corruption and supports and subscribes to the Public Service Commission's National Anti-Corruption Hotline (NACH) for reporting and gathering information related to incidents of suspected fraud and corruption.

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

4. MINIMISING CONFLICT OF INTEREST

EDD adheres to the Financial Disclosure Framework for Senior Management Service (SMS) members and

other designated groups which aims to prevent and detect conflicts of interest. The Public Service Regulations of 2016 and applicable directives require all SMS members of a Department and relevant designated groups to disclose their financial interests through the e-disclosure platform including their contemplation of doing other remunerative work.

The Department continued its efforts to ensure full compliance and the appointed Ethics Officers through Corporate Management, analysed and verified all disclosures against the Companies and Intellectual Property Commission (CIPC) database. Discrepancies detected are formally addressed in line with internal procedure. 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 which covers the relationship with the legislature and executive, the public, and employees within the Department and the public service at large, personal conduct and private interests. It requires public servants to act in the best interests of the public, to be honest when dealing with public money, and dissuade the abuse of their authority and position.

In addition, the Department provides a copy of the Code of Conduct to all employees upon their appointment. 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

EDD is housed within **the dti** campus and participates 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 Public Private Partnership contracted service provider.

7. PORTFOLIO COMMITTEES

The EDD had a total of eight (8) briefings with the Portfolio and Select Committees on Economic Development (excluding entities).

Presentations to the Portfolio Committee on Economic Development

Date	Purpose of Meeting
9 May 2017	Presentation to the Portfolio Committee on 2017/18 Annual Performance Plan
5 September 2017	Presentation to the Portfolio Committee on Q1 2017/18 Performance Report
5 September 2017	Presentation to Portfolio Committee on Q4 2016/17 Performance Report
10 October 2017	Presentation to the Portfolio Committee on the 2016/17 Annual Report
14 November 2017	Presentation to the Portfolio Committee on Q2 2017/18 Performance Report
14 March 2018	Presentation to the Portfolio Committee on Q3 2017/18 Performance Report
27 March 2018	Presentation to the Portfolio Committee on 2018/19 Annual Performance Plan

Presentation to the Select Committee on Economic and Business Development

Date	Purpose of Meeting
30 May 2017	Presentation to the Select Committee on the 2017/18 Annual Performance Plan

Matters raised by the Parliamentary Committees were addressed as presented at the meeting as well as in subsequent responses to follow up questions. Meeting records are available from the Committee secretariat.

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. The Department has over the year put in place processes to address audit findings raised by external auditors and to define internal control measures to prevent the recurrence of these findings in the future and to review the adequacy of the controls environment.

The Department has an audit action plan called the "Audit Heat Map" which is intended to establish a road map for addressing audit findings. The established audit Heat Map tracks progress made on resolving the findings on a monthly basis.

In addition, follow-up meetings are held quarterly to resolve any bottlenecks or lack of progress. This is done to ensure that there is adequate follow through and finalisation of the corrective measures within the agreed timelines.

The status of each audit finding in the Audit Heat Map is presented to the Audit Committee for review every quarter. Periodically, the Audit Committee may instruct Internal Audit to provide independent confirmation that the findings are resolved as indicated by management.

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 Executive Committee (EXCO) before final approval by the Audit Committee. Using the risk assessment as a basis, audit reviews for the year included performance information, financial, compliance and follow-up audit reviews.

The Audit Committee comprised four (4) independent non-executive members, who operated in accordance with their approved charter. The Audit Committee had four (4) meetings during the year under review and played an essential part in the Department's corporate reporting processes in relation to both financial and non-financial performance reporting. The Auditor-General South Africa, 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 Dept.	Date Appointed	Date Resigned	No. of Meetings Attended
Mr S Simelane	- MBA - B.Com (Hons) - B.Com (Accounting)	External	N/A	03/03/14	-	4
Dr DP Van Der Nest	D. Tech. Internal Auditing - M.Com (Development Economics) - B.Com (Hons) Economics - Higher Education Diploma (H.E.D) - B.Com (Accountancy)	External	N/A	03/03/14	-	4
Ms A Malan	- PhD on Tourism Management (to be completed) M. Com (Economics) Cum Laude B. Com (Hons) Economics and Computer Science - Higher Education Diploma (H.E.D.) - B.Sc. with Economic Subjects	External	N/A	01/07/16	29/06/18 Contract Expiry	3
Ms S Makhathini	- CA (SA) - Post Graduate Diploma in Accounting Science B. Compt (Hons) Accounting Science with Certificate of Theory in Accounting (CTA) B. Com Accounting	External	N/A	17/05/17	-	4

12. AUDIT COMMITTEE REPORT

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

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

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

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 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, 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 2018, the Audit Committee was presented with the following information for review:

- The Annual Financial Statements;
- All quarterly Financial Reports;
- Unaudited Annual Financial Statements before submission to the Auditor General South Africa (AGSA) on 31 May 2018;
- The management letter of the AGSA related to the audit of the final 2017/18 Annual Financial Statements;
- The appropriateness of accounting policies, practices and potential changes;
- 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 quarterly reporting on Performance Information, Information Technology Governance and the capacity of the ICT unit, and the effectiveness of the system of Risk Management, including emerging risks requires improvement.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control is designed to provide reasonable 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 results of the internal and external audits indicated that controls have been operating as intended in certain areas, while in others attention should be given to strengthen, improve and monitor the controls. Where control weaknesses and other matters were reported, the Audit Committee has considered management's responses to address the matters and to facilitate corrective actions, improvements and monitoring the controls and procedures. Implementation of such corrective actions is monitored and reported on.

The Risk Management Committee monitors and oversees the control of risk identification throughout the department. Risk management was a standing agenda item in the Audit Committee meetings and the Chair of the Risk Management Committee provided feedback on this process in two (2) out of four (4) meetings.

INTERNAL AUDIT

The Internal Audit function conducts its affairs in terms of an approved Internal Audit Charter. The charter is reviewed on an annual basis. The Internal Audit Function follows a risk-based audit approach, whereby the Strategic Risk Assessment, Repeat Audit Findings and the Internal Audit Function's assessment of the risks drivers are taken into account. The Internal Audit Plan was formally adopted and approved by the Audit Committee. Progress on the execution of the plan was

monitored and reported on at each Audit Committee meeting. The Audit Committee is therefore satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Department in its Audit Plan. Furthermore, the Committee oversaw cooperation between the Internal and External Auditors.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has evaluated the department's financial statements for the year ended 31 March 2018 and concluded that there were no material misstatements and concurs with and accepts the conclusion of the AGSA on the Annual Financial Statements.

The Audit Committee is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.



Mr AS Simelane
Chairperson of the Audit Committee
Economic Development Department

Date: 31 July 2018



The background features a large orange triangle on the left and several overlapping green triangles of varying shades on the right. A small photograph of people is visible in the upper right, partially covered by the green triangles.

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 49% women in Senior Management positions as at 31 March 2018, as compared to 51% men. The Department will ensure that the target of 50% women representation at Senior Management is met. Seventeen interns were enrolled during the 2017/18 financial year on a one-year Internship Programme, and they were inducted accordingly. A Workplace Skills Plan was developed, submitted to Public Sector Education and Training Authority (PSETA), and is monitored on a monthly basis.

Ten (10) HR Policies were reviewed / developed and are in the process of consultation. Furthermore, other 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, and Implementation Plan for Gender Equality. The Department will ensure the implementation of these plans. 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 summarise the final audited personnel related expenditure by programme and by salary bands. In particular, they provide an indication of the following:

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

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

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services Expenditure (R'000)	Personnel Expenditure as a % of Total Expenditure	Average Personnel Cost per Employee (R'000)
Administration	83 666	39 124	234	9 600	46.8%	569
Growth Path and Social Dialogue	31 125	28 988	0.00	31	93.1%	1 074
Investment, Competition and Trade	797 259	16 029	0.00	1 925	2%	697
Total	912 050	84 141	234	11 556	9.2%	2 340

The totals are excluding political office bearers.

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

Salary Band	Personnel Expenditure (R'000)	% of Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee (R'000)
Skilled (Levels 3-5)	1 908	2.2%	9	212
Highly skilled production (Levels 6-8)	11 716	13.8%	32	366
Highly skilled supervision (Levels 9-12)	27 980	33%	41	682
Senior management (Levels 13-16)	42 537	51%	38	1 139
Total	84 141	100%	120*	707

The totals are excluding political office bearers.

* Includes 1 official appointed additional to the establishment

Table 3.1.3 Salaries, overtime, home owners allowance and medical aid by programme for the period 1 April 2017 and 31 March 2018

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	28 424	65,3%	292	0,7%	642	1,5%	1 078	2,5%
Growth Path and Social Dialogue	19 320	66,6%	4	0,0%	200	0,7%	473	1,6%
Investment, Competition and Trade	10 854	67,7%	0	0,0%	249	1,6%	264	1,6%
Total	54 598	66,2%	296	0,3%	1 091	1,2%	1 815	2,1%

The totals are excluding political office bearers.

Table 3.1.4 Salaries, overtime, home owners allowance and medical aid by salary band for the period 1 April 2017 and 31 March 2018

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)	952	49,9%	24	1,3%	80	4,2%	133	7,0%
Highly skilled production (Levels 6-8)	7 354	62,8%	188	1,6%	428	3,7%	716	6,1%
Highly skilled supervision (Levels 9-12)	19 405	69,4%	84	0,3%	205	0,7%	380	1,4%
Senior management (Levels 13-16)	30 887	65,8%	0	0,0%	378	0,8%	586	1,2%
Total	58 598	66,2%	296	0,3%	1 091	1,2%	1 815	2,1%

The totals are excluding 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 2018

Programme	Number of Posts on Approved Establishment	Number of Posts Filled	% Vacancy Rate	Number of Employees Additional to the Establishment
Administration	78	70	10.3%	0
Economic Policy Development	18	17	5.6%	0
Economic Planning and Coordination	27	22	18.5%	1
Socio Economic Development and Social Dialogue	10	10	0	0
Total	133	119	10.5%*	1

The totals are excluding political office bearers.

*Based on budgetary constraints in the recent past and the Medium Term Expenditure Framework as advised by National Treasury, a number of vacant positions are unfunded. The vacancy rate of 10.5% includes these positions for which there is currently no funding. When considering only those vacant positions for which there is funding, the vacancy rate is 3.2%.

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

Salary Band	Number of Posts on Approved Establishment	Number of Posts Filled	% Vacancy Rate	Number of Employees Additional to the Establishment
Skilled (Levels 3-5)	10	9	10%	0
Highly skilled production (Levels 6-8)	33	32	3%	0
Highly skilled supervision (Levels 9-12)	46	41	10.9%	0
Senior management (Levels 13-16)	44	37	15.9%	1
Total	133	119	10.5%	1

The totals are excluding political office bearers.

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

Critical Occupation	Number of Posts on Approved Establishment	Number of Posts Filled	% Vacancy Rate	Number of Employees Additional to the Establishment
Administrative related	22	21	4.5%	0
Communication and information related	4	2	50%	0
Economists	7	6	14.2%	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



Critical Occupation	Number of Posts on Approved Establishment	Number of Posts Filled	% Vacancy Rate	Number of Employees Additional to the Establishment
Head of Department / Chief Executive Officer	1	0	100%	0
Human resources clerks	6	6	0	0
Human resources related	4	3	25%	0
Information technology related	2	2	0	0
Light vehicle drivers	2	2	0	0
Logistical support personnel	6	6	0	0
Material-recording and transport clerks	3	2	33%	0
Messengers porters and deliverers	1	1	0	0
Other admin & related clerks and organisers	4	4	0	0
Other occupations	2	2	0	0
Risk management and security services	1	1	0	0
Secretaries & other keyboard operating clerks	2	2	0	0
Security officers	1	1	0	0
Senior managers	28	24	14%	1
Statisticians and related professionals	2	2	0	0
Trade/ industry advisers & other related professions	16	13	19%	0
Total	133	119	10.5%	1

3.3. FILLING OF SMS POSTS

Table 3.3.1 SMS post information as on 31 March 2018

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	2	100%	0	0
Salary Level 15	2	1	50%	1	50%
Salary Level 14	16	14	88%	2	13%
Salary Level 13	23	20	87%	3	13%
Total	44	37	84%	7	16%



Table 3.3.2 SMS post information as on 30 September 2017

SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director-General/ Head of Department	1	0	100%	1	100%
Salary level 16	2	1	50%	1	50%
Salary level 15	2	0	0%	2	100%
Salary level 14	16	13	81%	3	19%
Salary level 13	23	20	87%	3	13%
Total	44	34	77%	10	23%

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

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	0	0	0
Salary level 13	1	0	0
Total	1	0	0

*The current DG is in an acting position and therefore the post remains vacant.

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 2017- 31 March 2018

Reasons for Vacancies Not Advertised within Six Months
The organisational structure was being aligned to the future work of the Department and to the reduced budget available as a result of National Treasury adjustments.

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

Disciplinary Steps Taken
None



3.4. JOB EVALUATION

Table 3.4.1 Job Evaluation by salary band for the period 1 April 2017 – 31 March 2018

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)	3	0	0	0	0	0	0
Contract (Levels 6-8)	2	1	50%	0	0	0	0
Contract (Levels 9-12)	1	0	0	0	0	0	0
Contract (Band A)	3	0	0	0	0	0	0
Contract (Band B)	0	0	0	0	0	0	0
Contract (Band C)	0	0	0	0	0	0	0
Contract (Band D)	2	0	0	0	0	0	0
Skilled (Levels 3-5)	7	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)	45	3	6.7%	0	0	0	0
Senior Management Service Band A	20	0	0	0	0	0	0
Senior Management Service Band B	16	0	0	0	0	0	0
Senior Management Service Band C	2	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	133	4	3%	0	0	0	0

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

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

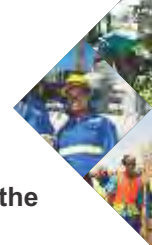


Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 – 31 March 2018

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	Retention	
Administrative	1	11	12	Transfer	
Administrative	1	11	13	Retention	
Administrative	1	12	13	Retention	
Financial and related professionals	1	11	13	Retention	
Total	6				119
Percentage of total employment	4.5%				

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

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

3.5. EMPLOYMENT CHANGES

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

Salary Band	Number of Employees at Beginning of Period- 1 April 2017	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	% Turnover Rate
Skilled (Levels 3-5)	6	0	0	0
Highly skilled production (Levels 6-8)	30	0	0	0
Highly skilled supervision (Levels 9-12)	41	1	3	7%
Senior Management Service Band A	19	0	2	11%
Senior Management Service Band B	11	2	0	0
Senior Management Service Band C	0	1	0	0
Senior Management Service Band D	0	0	0	0
Contract (Levels 3-5)	2	2	1	50%
Contract (Levels 6-8)	2	0	0	0
Contract (Levels 9-12)	2	0	0	0
Contract Senior Management Service Band A	2	1	0	0
Contract Senior Management Service Band B	1	0	1	100%
Contract Senior Management Service Band C	0	1	0	0
Contract Senior Management Service Band D	1	3	2	200%
Total	117	11	9	8%

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

Critical Occupation	Number of Employees at the Beginning of Period - 1 April 2017	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	% Turnover Rate
Administrative related	20	2	1	5%
Finance and economics related	5	0	0	0
Financial and related professionals	9	0	0	0
Financial clerks and credit controllers	3	0	0	0
Food services aids and waiters	2	0	0	0
Head of department/chief executive officer	1	0	1	100%
Human resources clerks	6	0	0	0
Human resources related	4	0	0	0
Information technology related	2	0	0	0
Legal related	0	0	0	0
Light vehicle drivers	2	0	0	0
Logistical support personnel	6	0	0	0
Material recording and transport clerks	1	0	0	0
Communication and Information Related	3	0	1	33%
Other admin & related clerks and organisers	4	1	0	0
Risk management and security services	1	0	0	0
Secretaries & other keyboard operating clerks	2	0	0	0
Security officers	1	0	0	0
Senior managers	19	5	1	5%
Statisticians and related professionals	2	0	0	0
Messenger services	1	0	0	0
Economist and other related professionals	7	0	0	0
Trade/industry advisors & other related profession	16	0	4	25%
Other occupations*	0	3	1	0
Total	117	11	9	8%

* Other occupation is the Special Advisor

Table 3.5.3 Reasons why staff left the department for the period 1 April 2017 – 31 March 2018

Termination Type	Number	% of Total Terminations
Death	0	0
Resignation	5	56%
Expiry of contract	4	44%
Dismissal – misconduct	0	0
Retirement	0	0
Transfer to other Public Service Departments	0	0
Total	9	100%
Total number of employees who left as a % of total employment		7.5%



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

Occupation	Employees 1 April 2017	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	20	1	5%	12	60%
Finance and economics related	5	0	0	3	60%
Financial and related professionals	9	0	0	5	56%
Financial clerks and credit controllers	3	0	0	3	100%
Food services aids and waiters	2	0	0	2	100%
Head of department/chief executive officer	1	0	0	0	0
Human resources clerks	6	0	0	6	100%
Human resources related	4	0	0	3	75%
Information technology related	2	0	0	2	100%
Legal related	0	0	0	0	0
Light vehicle drivers	2	0	0	1	50%
Logistical support personnel	6	0	0	5	83%
Material recording and transport clerks	1	0	0	0	0
Communication and Information Related	3	0	0	2	67%
Other admin & related clerks and organisers	4	0	0	2	50%
Risk management and security services	1	0	0	1	100%
Secretaries & other keyboard operating clerks	2	0	0	1	50%
Security officers	1	0	0	1	100%
Senior managers	19	1	5%	12	63%
Statisticians and related professionals	2	0	0	2	100%
Messenger services	1	0	0	0	0
Economist and other related professionals	7	0	0	7	100%
Trade/industry advisors & other related profession	16	0	0	11	69%
Total	117	2	1.7%	81	69%



Table 3.5.5 Promotions by salary band for the period 1 April 2017 – 31 March 2018

Salary Band	Employees 1 April 2017	Promotions to Another Salary Level	Salary Bands Promotions as a % of Employees by Salary Level	Progressions to Another Notch within a Salary Level	Notch Progression as a % of Employees by Salary Bands
Skilled (Levels 3-5)	6	0	0	6	100%
Highly skilled production (Levels 6-8)	30	0	0	27	90%
Highly skilled supervision (Levels 9-12)	41	1	2%	26	63%
Senior Management (Levels 13-16)	30	1	33%	22	73%
Contract (Levels 3-5)	2	0	0	0	0
Contract (Levels 6-8)	2	0	0	0	0
Contract (Levels 9-12)	2	0	0	0	0
Contract (Levels 13-16)	4	0	0	0	0
Total	117	2	2%	81	69%

3.6 EMPLOYMENT EQUITY

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

Occupational Category	Male					Female					Total
	African	Coloured	Indian /Asian	Total Black	White	African	Coloured	Indian /Asian	Total Black	White	
Legislators, senior officials and managers	9	0	1	10	0	10	1	0	11	2	23
Professionals	21	1	1	23	1	19	1	0	20	1	45
Technicians and associate professional	5	0	0	5	0	20	2	1	23	0	28
Clerks	6	0	0	6	0	11	0	0	11	0	17
Plant and machine operators and assemblers	2	0	0	2	0	0	0	0	0	0	2
Labourers and related workers	1	0	0	1	0	2	0	0	2	0	3
Service shop and market sales workers	1	0	0	1	0	1	0	0	1	0	2
Total	45	1	2	48	1	63	4	1	68	3	120*
Employees with disabilities	1	0	0	1	0	2	0	0	2	0	3

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

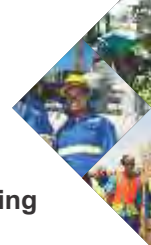


Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational Band	Male					Female					Total
	African	Coloured	Indian /Asian	Total Black	White	African	Coloured	Indian /Asian	Total Black	White	
Top management	1	0	0	1	0	0	0	0	0	0	1
Senior management	13	1	1	15	1	12	0	0	12	3	31
Professionally qualified and experienced specialists and mid-management	15	0	0	15	0	14	1	1	16	0	31
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8	0	0	8	0	29	2	0	31	0	39
Semi-skilled and discretionary decision making	2	0	0	2	0	4	0	0	4	0	6
Contract (top management)	2	0	1	3	0	0	0	0	0	0	3
Contract (senior management)	0	0	0	0	0	2	1	0	3	0	3
Contract (professionally qualified and experienced specialists and mid-management)	0	0	0	0	0	1	0	0	1	0	1
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)	3	0	0	3	0	0	0	0	0	0	3
Total	45	1	2	48	1	63	4	1	68	3	120*

*The table includes 1 official appointed additional to the establishment



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

Occupational Band	Male					Female					Total
	African	Coloured	Indian /Asian	Total Black	White	African	Coloured	Indian /Asian	Total Black	White	
Top management	3	0	2	5	0	0	0	0	0	0	5
Senior management	0	0	0	0	0	2	1	0	3	0	3
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	1	0	0	1	0	1
Semi-skilled and discretionary decision making	1	0	0	1	0	0	1	0	1	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total	4	0	2	6	0	3	2	0	5	0	11
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018

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



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

Occupational Band	Male					Female					Total
	African	Coloured	Indian /Asian	Total Black	White	African	Coloured	Indian /Asian	Total Black	White	
Top management	0	0	1	1	1	0	0	0	0	0	2
Senior management	0	0	0	0	1	1	0	0	1	1	3
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	1	0	0	1	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	1	0	1	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total	2	0	1	3	2	2	1	0	3	1	9
Employees with Disabilities	0	0	0	0	0	0	0	0	0	0	0

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

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian /Asian	White	African	Coloured	Indian /Asian	White	
Misconduct	0	0	0	0	2	0	0	0	2



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

Occupational Category	Male				Female				Total
	African	Coloured	Indian /Asian	White	African	Coloured	Indian /Asian	White	
Legislators, senior officials and managers	1	0	0	0	1	0	0	1	3
Professionals	2	0	0	0	6	0	1	0	9
Technicians and associate professionals	1	0	0	0	7	0	0	0	8
Clerks	1	0	0	0	0	0	0	0	1
Service and sales workers									
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	5	0	0	0	14	0	1	1	21
Employees with disabilities	0	0	0	0	0	0	0	0	0

* Two (2) Interns attended Conduct Audit; one (1) intern attended Project Management and two (2) interns attended Trade and Industrial Policy Strategies. These are not included in the categories above

3.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

Table 3.7.1 Signing of performance agreements by SMS members as on 31 May 2017

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	2	0	0
Salary level 15	2	2	0	0
Salary level 14	16	14	14	100%
Salary level 13	23	20	19	95%
Total	44	38	33	87%

1. ADG Performance Agreement not signed
2. Two (2) Special Advisors were appointed towards the end of the financial year
3. One (1) DDG appointed late in the financial year
4. One (1) Director signed but Supervisor did not sign

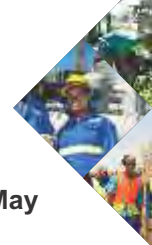


Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 May 2017

Reasons
ADG was newly appointed on short-term contract.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 May 2017

Reasons
None.

3.8. PERFORMANCE REWARDS

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Race and Gender	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of Total within Group	Cost (R'000)	Average Cost per Employee (R'000)
African					
Male	4	43	9%	170	43
Female	22	61	36%	483	22
Indian					
Male	0	2	0	0	0
Female	1	1	100%	60	60
Coloured					
Male	0	1	0	0	0
Female	1	4	25%	89	89
White					
Male	0	1	0	0	0
Female	0	3	0	0	0
Employees with disabilities		3			
Total	28	119	24%	802	29

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

	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of Total within Salary Bands	Cost (R'000)	Average Cost per Employee (R'000)
Skilled (Levels 3-5)	0	9	0	0	0
Highly skilled production (Levels 6-8)	13	32	41%	173	13
Highly skilled supervision (Levels 9-12)	14	41	34%	583	42
Total	27	82	33%	756	55



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

Race and Gender	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of Total within Occupation	Cost (R'000)	Average Cost per Employee (R'000)
Administrative related	8	21	38%	248	30
Communication and information related	0	2	0	0	0
Economists	1	6	17%	54	54
Finance and economics related	0	5	0	0	0
Financial and related professionals	4	9	80%	153	38
Financial clerks and credit controllers	2	3	100%	37	19
Food services aids and waiters	0	2	0	0	0
Head of Department / CHIEF EXECUTIVE OFFICER	0	0	0	0	0
Human resources clerks	0	6			
Human resources related	3	3	100%	104	35
Information technology related	1	2	50%	25	25
Light vehicle drivers	0	2	0	0	0
Logistical support personnel	4	6	66%	45	11
Material-recording and transport clerks	0	2	0	0	0
Messengers porters and deliverers	0	1	0	0	0
Other admin & related clerks and organisers	0	4	0	0	0
Other occupations	0	2	0	0	0
Risk management and security services	0	1	0	0	0
Secretaries & other keyboard operating clerks	2	2	100%	31	16
Security officers	0	1	0	0	0
Senior managers	1	24	4%	46	46
Statisticians and related professionals	0	2	0	0	0
Trade/ industry advisers & other related professions	2	13	15%	59	30
Total	28	119	24%	802	29

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

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	1	20	5%	46 296	46 296	0.1%
Band B	0	14	0	0	0	0
Band C	0	2	0	0	0	0
Band D	0	2	0	0	0	0
Total	1	38	3%	46 296	46 296	0.1%



3.9 FOREIGN WORKERS

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

Salary Band	1 April 2017		31 March 2018		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Lower skilled	0	0	0	0	0	0
Senior managers (Levels 13-16)	3	75%	3	75%	0	0
Highly skilled supervision (Levels 9-12)	1	25%	1	25%	0	0
Contract (Levels 13-16)	0	0	0	0	0	0
Total	4	100%	4	100%	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2017 – 31 March 2018

Major Occupation	1 April 2017		31 January 2018		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Senior managers	3	75%	3	75%	0	0
Other professionals	1	25%	1	25%	0	0
Total	4	100%	4	100%	0	0

3.10 LEAVE UTILISATION

Table 3.10.1 Sick leave for the period 1 January 2017 to 31 December 2017

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)	44	73	6	6%	7	33	102	32
Highly skilled production (Levels 6-8)	269	72	28	27%	10	35	102	193
Highly skilled supervision (Levels 9 -12)	267	74	35	34%	8	739	102	198
Top and senior management (Levels 13-16)	240	67	27	26%	9	967	102	160
Contract (Levels 3-5)	9	100	1	1%	9	7	102	9
Contract (Levels 6-8)	2	100	1	1%	2	2	102	2
Contract (Levels 9-12)	5	100	2	2%	3	12	102	5
Contracts (Levels 13-16)	18	100	2	2%	9	66	102	18
Total	854	72	102	100%	8	1 861	102	617



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

Salary Band	Total Days	% Days with Medical Certification	Number of Employees Using Disability Leave	% of Total Employees Using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total Number of Days with Medical Certification	Total Number of Employees Using Disability Leave
Skilled (Levels 3-5)	17	100%	1	17%	17	14	17	1
Highly skilled production (Levels 6-8)	49	100%	2	33%	25	66	49	2
Highly skilled supervision (Levels 9-12)	4	100%	2	33%	2	12	4	2
Senior management (Levels 13-16)	5	100%	1	17%	5	20	5	1
Total	75	100%	6	100%	13	112	75	6

Table 3.10.3 Annual Leave for the period 1 January 2017 to 31 December 2017

Salary Band	Total Days Taken	Number of Employees Using Annual Leave	Average per Employee
Skilled (Levels 3-5)	140	6	23
Highly skilled production (Levels 6-8)	688	30	23
Highly skilled supervision (Levels 9-12)	947	39	24
Senior management (Levels 13-16)	671	31	22
Contract (Levels 3-5)	31	2	16
Contract (Levels 6-8)	12	1	12
Contracts (Levels 9-12)	15	1	15
Contracts (Levels 13-16)	61	3	20
Total	2 565	113	23

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

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 2018
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)	39	2	20	0
Senior management (Levels 13-16)	75	3	25	0
Total	114	5	23	0

Table 3.10.5 Leave pay-outs for the period 1 April 2017 – 31 March 2018

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R' 000)
Leave pay-out for 2017/18 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2017/18	0	0	0
Current leave pay-out on termination of service for 2017/18	117	4	29
Total	117	4	29



3.11 HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/Categories of Employees Identified to be at High Risk of Contracting HIV & Related Diseases (if any)	Key Steps Taken to Reduce the Risk
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 (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	x		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 service are the following: Counselling services on issues including health and wellness, , relationships and financial issues. Counselling is available 24/7 through the phone and is also available through individual consultations. Information sessions/workshops and awareness creation on health matters is undertaken including desk drops being provided to employees on a regular basis where employees are provided with information on health and wellness.
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 was established in the Department and became dormant with the departure of the majority of its committee members.
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	x		HIV/AIDS Policy has been reviewed.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		The measures are guided by the Code of Conduct, Employee Health and Wellness Policy, Employment Equity Policy, Working Hour Policy, Leave Policy.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you 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 & ICAS quarterly reports.



3.12. LABOUR RELATIONS

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

Subject Matter	Date
None	

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 to 31 March 2018

Outcomes of Disciplinary Hearing	Number	% of Total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	1	25%
Final written warning	1	25%
Suspended without pay	1	25%
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	1	25%
Total	4	100%

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

Type of Misconduct	Number	% of Total
Allegations of gross misconduct	1	100%
Total	1	100%

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

Grievances	Number	% of Total
Number of grievances resolved	4	57%
Number of grievances not resolved	3	43%
Total number of grievances lodged	7	100%

Table 3.12.5 Disputes lodged with Councils for the period 1 April 2017 to 31 March 2018

Disputes	Number	% of Total
Number of disputes upheld	1	100%
Number of disputes dismissed	1	100%
Number of dispute withdrawn	1	100%
Total number of disputes lodged	3	

**Table 3.12.6 Strike actions for the period 1 April 2017 to 31 March 2018**

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

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

Number of people suspended	1
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	26
Cost of suspension	R67 573

3.13 SKILLS DEVELOPMENT

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

Occupational Category	Gender	Number of Employees as at 1 April 2017	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	11	0	5	0	5
	Male	9	0	11	0	11
Professionals	Female	22	0	36	0	36
	Male	24	0	37	0	37
Technicians and associate professionals	Female	24	0	46	0	46
	Male	6	0	5	0	5
Clerks	Female	9	0	21	0	21
	Male	5	0	12	0	12
Service Shop and market sales workers	Female	1	0	3	0	3
	Male	1	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	3	0	1	0	1
Labourers and related workers	Female	2	0	7	0	7
	Male	0	0	0	0	0
Sub Total	Female	69	0	118	0	118
	Male	48	0	66	0	66
Total		117	0	184	0	184



3.13.2 Training provided for the period 1 April 2017 to 31 March 2018

Occupational Category	Gender	Number of Employees as at 1 April 2017	Training Provided within the Reporting Period			
			Learnerships	Skills Programmes and Other Short Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	11	0	2	0	2
	Male	9	0	1	0	1
Professionals	Female	22	0	7	0	7
	Male	24	0	2	0	2
Technicians and associate professionals	Female	24	0	7	0	7
	Male	6	0	1	0	1
Clerks	Female	9	0	0	0	0
	Male	5	0	1	0	1
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	2	0		0	0
	Male	0	0	0	0	0
Sub Total	Female	69	0	16	0	16
	Male	48	0	5	0	5
Total		117	0	21	0	21

Two (2) Interns attended Conduct Audit to Cradle; one (1) intern attend project management and two (2) interns attended Trade and Industrial Policy Strategies. These are not included in the categories above

3.14. INJURY ON DUTY

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

Nature of Injury on Duty	Number	% of Total
Required basic medical attention only	1	100%
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	1	100%



3.15. UTILISATION OF CONSULTANTS

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

Project Title	Total Number of Consultants that Worked on Project	Duration Worked Days	Contract Value
n/a	n/a	0	0
Total			0

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

Project Title	Percentage Ownership by HDI Groups	Percentage Management by HDI Groups	Number of Consultants from HDI Groups that Worked on the Project
n/a	n/a	n/a	n/a

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

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

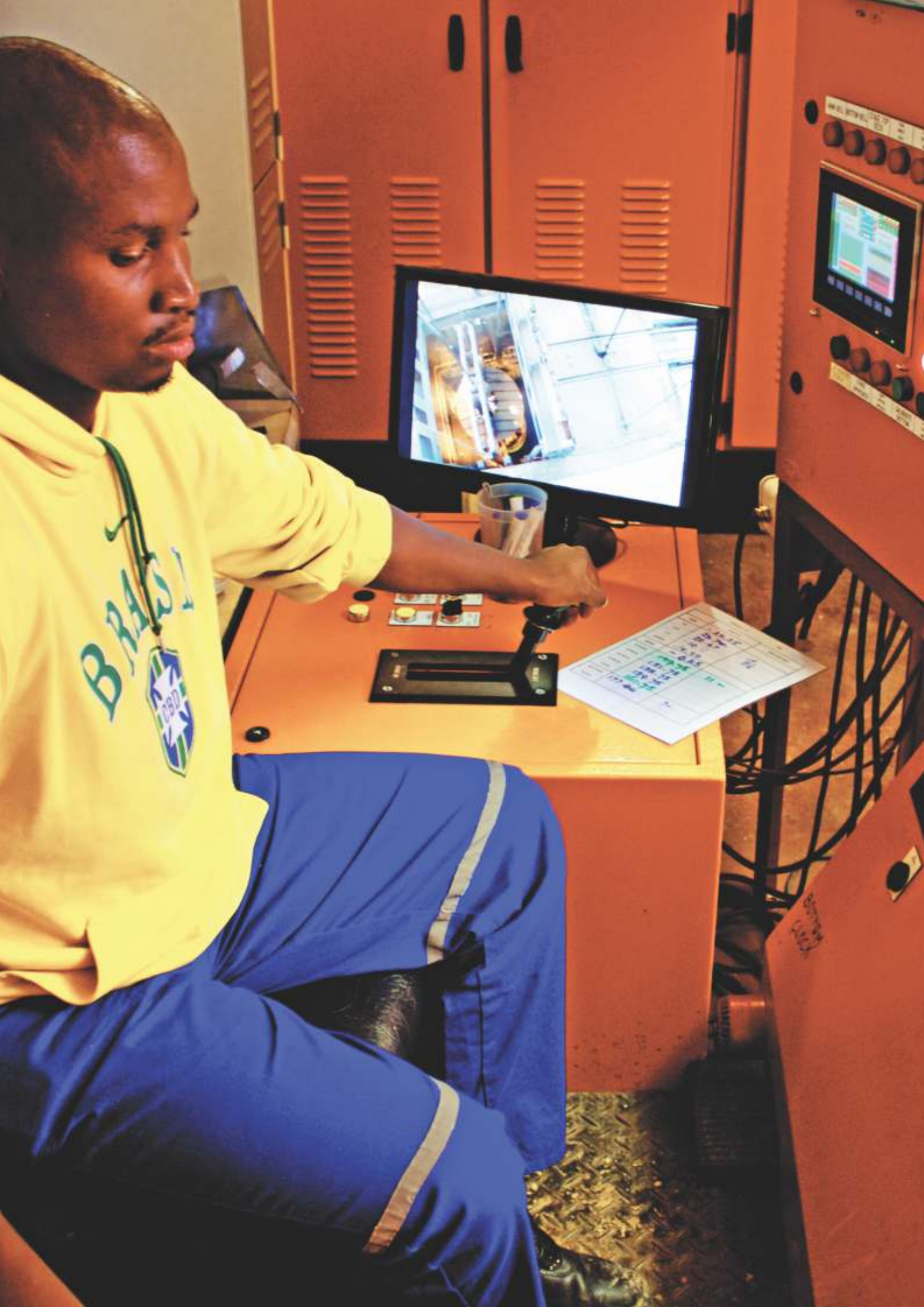
Table 3.15.4 Analysis of consultant appointments using donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 and 31 March 2018

Not applicable as there were no consultants appointed in the year under review

3.16. SEVERANCE PACKAGES

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

Salary Band	Number of Applications Received	Number of Applications Referred to the MPSA	Number of Applications Supported by MPSA	Number of Packages Approved by Department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0





PART E: FINANCIAL INFORMATION





ECONOMIC DEVELOPMENT DEPARTMENT – VOTE NO: 25

ANNUAL FINANCIAL STATEMENTS

2017 / 2018



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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 25: 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 90 to 158, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Economic Development Department as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury 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 this auditor's report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

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

Unaudited supplementary schedules

7. The supplementary information set out on pages 148 to 158 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 on them.

Responsibilities of the accounting officer for the financial statements

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

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

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 the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

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/ measures 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 2018:

Programmes	Pages in the annual performance report
Programme 2- Growth path and social dialogue	34-39
Programme 3- Investment, competition and trade	40-50

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.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes indicated in paragraph 14 above.

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 31 to 50 for information on the achievement of planned targets for the year and explanations provided for the over achievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

19. 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.
20. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.



OTHER INFORMATION

21. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
22. 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.
23. 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.
24. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

25. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria
31 July 2018





ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

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

Communication with those charged with governance

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

APPROPRIATION STATEMENT

for the year ended 31 March 2018

Appropriation Per Programme									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. ADMINISTRATION	86 461	-	(1 344)	85 117	83 666	1 451	98.3%	92 431	90 416
2. GROWTH PATH AND SOCIAL DIALOGUE	32 822	-	(1 086)	31 736	31 125	610	98.1%	29 887	27 797
3. INVESTMENT, COMPETITION AND TRADE	794 954	-	2 430	797 384	797 259	126	100.0%	552 343	546 869
TOTAL	914 237	-	-	914 237	912 050	2 187	99.8%	674 661	665 083
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				167 560				137 336	
Aid assistance								2 541	
Actual amounts per Statement of Financial Performance (Total Revenue)				1 081 797				814 538	
Add: Aid Assistance					1 271				1 270
Actual amount per Statement of Financial Performance (Total Expenditure)					913 321				666 353



APPROPRIATION STATEMENT

for the year ended 31 March 2018

Appropriation Per Economic Classification									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	139,261	-	(5,090)	134,171	132,632	1,539	98.9%	142,068	133,464
Compensation of employees	90,043	-	(90)	89,953	88,523	1,430	98.4%	93,930	84,990
Salaries and wages	90,043	(311)	(90)	89,642	78,918	10,724	88.0%	85,156	76,216
Social contributions	-	311	-	311	9,605	(9,294)	3088.4%	8,774	8,774
Goods and services	49,218	-	(5,000)	44,218	44,109	109	99.8%	48,138	48,474
Administrative fees	597	16	(109)	504	358	146	71.0%	467	466
Advertising	770	401	(157)	1,014	481	533	47.4%	444	444
Minor assets	65	9	(37)	37	51	(14)	138.2%	44	41
Audit costs: External	3,221	(109)	-	3,112	3,443	(331)	110.6%	2,609	2,609
Bursaries: Employees	132	82	-	214	213	1	99.5%	270	270
Catering: Departmental activities	1,088	31	(368)	751	374	377	49.8%	247	245
Communication (G&S)	1,640	51	(202)	1,489	1,490	(1)	100.1%	1,671	1,669
Computer services	1,015	417	(395)	1,037	1,265	(228)	122.0%	779	779
Consultants: Business and advisory services	1,494	118	(106)	1,506	2,363	(857)	156.9%	1,816	1,807
Legal services	10,020	-	-	10,020	9,193	827	91.7%	18,928	18,928
Contractors	1,083	(234)	(373)	476	156	320	32.8%	96	96
Agency and support / outsourced services	238	(208)	(1)	29	30	(1)	103.4%	281	280
Entertainment	23	(12)	(5)	6	-	6	-	1	1
Fleet services (including government motor transport)	807	454	-	1,261	1,172	89	92.9%	1,054	1,058
Inventory: Clothing material and accessories	155	(8)	(142)	5	-	5	-	-	-
Inventory: Material and supplies	12	-	-	12	-	12	-	1	-
Consumable supplies	172	30	-	202	109	93	54.0%	112	116
Consumable: Stationery, printing and office supplies	1,445	(438)	(232)	775	727	46	94.1%	642	641
Operating leases	13,689	(756)	(500)	12,433	13,509	(1,076)	108.7%	9,241	9,592
Property payments	43	(34)	4	13	-	13	-	-	-
Transport provided: Departmental activity	25	(15)	(1)	9	-	9	-	1	-
Travel and subsistence	8,693	506	(1,400)	7,798	7,885	(87)	101.1%	6,970	6,965



APPROPRIATION STATEMENT

for the year ended 31 March 2018

Appropriation Per Economic Classification									
	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Training and development	1,037	(273)	(402)	362	234	128	64.6%	808	808
Operating payments	1,144	82	(334)	892	894	(2)	100.2%	1,418	1,420
Venues and facilities	579	(104)	(232)	243	161	82	66.3%	239	239
Rental and hiring	31	(6)	(8)	17	1	16	5.9%	-	-
Transfers and subsidies	773,269	-	5,090	778,359	778,370	(11)	100.0%	528,846	528,846
Departmental agencies and accounts	387,460	-	5,000	392,460	392,460	-	100.0%	315,657	315,657
Departmental agencies (non – business entities)	387,460	-	5,000	392,460	392,460	-	100.0%	315,657	315,657
Public corporations and private enterprises	385,780	-	-	385,780	385,780	-	100.0%	213,124	213,124
Public corporations	385,780	-	-	385,780	385,780	-	100.0%	213,124	213,124
- Other transfers to public corporations	385,780	-	-	385,780	385,780	-	100.0%	213,124	213,124
Private enterprises	-	-	-	-	-	-	-	-	-
- Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Households	29	-	90	119	130	(11)	109.2%	65	65
Social benefits	29	-	90	119	130	(11)	109.2%	-	-
Other transfers to households	-	-	-	-	-	-	-	65	65
Payments for capital assets	1,707	-	-	1,707	1,048	659	61.4%	3,747	2,773
Machinery and equipment	1,444	-	-	1,444	904	540	62.5%	2,432	1,507
Transport equipment	500	(500)	-	-	-	-	-	230	226
Other machinery and equipment	944	500	-	1,444	904	540	62.5%	2,202	1,281
Software and other intangible assets	263	-	-	263	144	119	54.8%	1,315	1,266
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	914,237	-	-	914,237	912,050	2,187	99.8%	674,661	665,083



APPROPRIATION STATEMENT

for the year ended 31 March 2018

Programme 1: ADMINISTRATION

	2017/18							2016/17	
	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	27,474	(6,384)	-	21,090	20,884	206	99.0%	20,061	18,355
2. OFFICE OF THE DIRECTOR GENERAL	9,653	2,472	-	12,125	11,008	1,117	90.8%	11,129	11,037
3. CORPORATE MANAGEMENT SERVICES	37,900	3,030	(1,344)	39,586	38,905	681	98.3%	48,346	48,285
4. FINANCIAL MANAGEMNT	11,434	882	-	12,316	12,869	(553)	104.5%	12,895	12,739
	86,461	-	(1,344)	85,117	83,666	1,451	98.3%	92,431	90,416
Economic classification									
Current payments	85,170	-	(1,368)	83,802	82,577	1,224	98.5%	88,945	87,628
Compensation of employees	44,889	-	(24)	44,865	43,504	1,361	97.0%	45,749	44,088
Salaries and wages	44,889	59	(24)	44,924	38,805	6,119	86.4%	41,110	39,449
Social contributions	-	(59)	-	(59)	4,699	(4,758)	(7964.4%)	4,639	4,639
Goods and services	40,281	-	(1,344)	38,937	39,074	(137)	100.4%	43,196	43,541
Administrative fees	351	9	-	360	301	59	83.6%	410	409
Advertising	82	391	-	473	471	2	99.6%	402	402
Minor assets	64	(1)	(20)	43	51	(8)	119.0%	44	41
Audit costs: External	3,221	(109)	-	3,112	3,443	(331)	110.6%	2,609	2,609
Bursaries: Employees	132	82	-	214	213	1	99.5%	270	270
Catering: Departmental activities	392	(43)	(20)	329	168	161	51.1%	107	106
Communication (G&S)	1,133	4	-	1,137	1,173	(36)	103.2%	1,298	1,295
Computer services	529	565	(106)	988	1,016	(28)	102.8%	313	313
Consultants: Business and advisory services	404	(115)	(100)	189	407	(218)	215.3%	475	475
Legal services	10,020	-	-	10,020	9,193	827	91.7%	18,818	18,818
Contractors	225	(48)	(22)	155	134	21	86.5%	89	89
Agency and support / outsourced services	238	(208)	(1)	29	30	(1)	103.4%	281	280
Entertainment	13	(12)	-	1	-	1	-	-	-



APPROPRIATION STATEMENT

for the year ended 31 March 2018

	2017/18							2016/17	
	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)	801	434	-	1,235	1,154	81	93.4%	941	945
Inventory: Clothing material and accessories	2	-	-	2	-	2	-	-	-
Inventory: Materials and supplies	12	-	-	12	-	12	-	1	-
Consumable supplies	121	21	-	142	91	51	64.1%	85	89
Consumable: Stationery, printing and office supplies	1,162	(372)	(70)	720	647	73	89.9%	593	593
Operating leases	13,689	(756)	(500)	12,433	13,509	(1,076)	108.7%	9,241	9,592
Property payments	35	(34)	-	1	-	1	-	-	-
Transport provided: Departmental activity	20	(15)	-	5	-	5	-	-	-
Travel and subsistence	5,934	326	(80)	6,180	6,083	97	98.4%	5,312	5,308
Training and development	1,035	(273)	(400)	362	234	128	64.6%	777	777
Operating payments	632	171	(25)	778	752	26	96.7%	907	907
Venues and facilities	22	(14)	-	8	4	4	50.0%	223	223
Rental and hiring	12	(3)	-	9	-	9	-	-	-
Transfers and subsidies	29	-	24	53	51	2	96.2%	55	55
Households:	29	-	24	53	51	2	96.2%	55	55
- Social benefits	29	-	24	53	51	2	96.2%	55	55
Payments for capital assets	1,262	-	-	1,262	1,037	225	82.2%	3,431	2,733
Machinery and equipment	1,106	-	-	1,106	893	213	80.7%	2,116	1,467
Transport equipment	500	(500)	-	-	-	-	-	230	226
Other machinery and equipment	606	500	-	1,106	893	213	80.7%	1,886	1,241
Software and other intangible assets	156	-	-	156	144	12	92.3%	1,315	1,266
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	86,461	-	(1,344)	85,117	83,666	1,451	98.3%	92,431	90,416



APPROPRIATION STATEMENT

for the year ended 31 March 2018

Sub-programme: 1.1: MINISTRY

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic Classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	27,399	(6,384)	-	21,015	20,870	145	99.3%	19,983	18,321
Compensation of employees	20,513	(6,984)	-	13,529	13,229	300	97.8%	13,823	12,162
Salaries and wages	20,513	(6,788)		13,725	12,000	1,725	87.4%	12,641	10,980
Social contributions	-	(196)		(196)	1,229	(1,425)	(627.0%)	1,182	1,182
Goods and services	6,886	600	-	7,486	7,641	(155)	102.1%	6,160	6,159
Administrative fees	154	(20)		134	121	13	90.3%	119	119
Advertising	6	(6)		-	-	-	-	20	20
Minor assets	3			3	0	3	5.0%	-	-
Catering: Departmental activities	208			208	126	82	60.6%	65	65
Communication (G&S)	280	140		420	478	(58)	113.8%	624	624
Consultants: Business and advisory services	4	(4)		-	-	-	-	-	-
Contractors	96	(78)		18	3	15	16.7%	3	3
Entertainment	12	(12)		-	-	-	-	-	-
Fleet services (including government motor transport)	460			460	426	34	92.6%	190	194
Inventory: Materials	4			4	-	4	-	-	-
Consumable supplies	39	28		67	58	9	86.6%	40	40
Consumable: Stationery, printing and office supplies	558	(250)		308	310	(2)	100.6%	351	351
Operating leases	633	(46)		587	611	(24)	104.1%	-	-
Transport provided: Departmental activity	20	(20)		-	-	-	-	-	-
Travel and subsistence	4,189	814		5,003	5,239	(236)	104.7%	4,525	4,521
Operating payments	182	53		235	235	-	100.0%	207	207
Venues and facilities	14	(14)		-	4	(4)	-	16	16
Rental and hiring	9			9	-	9	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	7	7
Households	-	-	-	-	-	-	-	7	7
Social benefits	-	-	-	-	-	-	-	7	7
Payments for capital assets	75	-	-	75	14	61	18.7%	71	27
Machinery and equipment	75	-	-	75	14	61	18.7%	71	27
Other machinery and equipment	75	-	-	75	14	61	18.7%	71	27
Total	27,474	(6,384)	-	21,090	20,884	206	99.0%	20,061	18,355

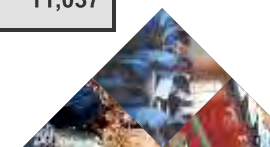


APPROPRIATION STATEMENT

for the year ended 31 March 2018

Sub-programme: 1.2: OFFICE OF THE DIRECTOR GENERAL

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Total Appropriation	Final Appropriation	Actual Expenditure
Economic Classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9,534	2,472	-	12,006	10,894	1,112	90.7%	10,736	10,734
Compensation of employees	7,509	2,981	-	10,490	9,701	789	92.5%	9,348	9,348
Salaries and wages	7,509	2,981		10,490	8,989	1,501	85.7%	8,680	8,680
Social contributions	-			-	712	(712)	-	668	668
Goods and services	2,025	(509)	-	1,516	1,193	323	78.7%	1,388	1,386
Administrative fees	61	45		106	102	4	96.2%	107	107
Advertising	34	(17)		17	17	-	100.0%	-	-
Catering: Departmental activities	113	(45)		68	7	61	10.3%	7	7
Communication (G&S)	215	(122)		93	67	26	72.0%	125	125
Computer services	23	29		52	52	-	100.0%	137	137
Consultants: Business and advisory services	253	89		342	341	1	99.7%	211	211
Contractors	7	(7)		-	-	-	-	1	1
Agency and support / outsourced services	211	(211)		-	-	-	-	252	251
Fleet services (including government motor transport)	10			10	3	7	30.0%	3	3
Inventory: Materials and supplies	1			1	-	1	-	-	-
Consumable supplies	12	8		20	11	9	55.0%	17	17
Consumable: Stationery, printing and office supplies	110	(58)		52	48	4	92.3%	27	27
Operating leases	78	(78)		-	-	-	-	-	-
Travel and subsistence	796	(156)		640	464	176	72.5%	182	182
Training and development	-	40		40	40	-	100.0%	-	-
Operating payments	95	(23)		72	41	31	56.9%	111	111
Venues and facilities	3			3		3	-	207	207
Rental and hiring	3	(3)		-		-	-		
Transfers and subsidies	29	-	-	29	28	1	96.6%	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits	29	-	-	29	28	1	96.6%	-	-
Payments for capital assets	90	-	-	90	87	3	96.7%	393	303
Machinery and equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	90			90	87	3	96.7%	351	302
Total	9,653	2,472	-	12,125	11,008	1,117	90.8%	11,129	11,037



APPROPRIATION STATEMENT

for the year ended 31 March 2018

Sub-programme: 1.3: CORPORATE MANAGEMENT SERVICES

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Total 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	37,369	3,530	(1,368)	39,531	38,881	650	98.4%	48,247	48,245
Compensation of employees	10,592	3,621	(24)	14,189	13,514	675	95.2%	15,912	15,912
Salaries and wages	10,592	3,551	(24)	14,119	11,789	2,330	83.5%	13,986	13,986
Social contributions	-	70		70	1,725	(1,655)	2464.3%	1,926	1,926
Goods and services	26,777	(91)	(1,344)	25,342	25,367	(25)	100.1%	32,335	32,333
Administrative fees	83	(55)		28	10	18	35.7%	143	143
Advertising	-	456		456	454	2	99.6%	382	382
Minor assets	1	20	(20)	1	-	1	-	-	-
Bursaries: Employees	132	82		214	213	1	99.5%	270	270
Catering: Departmental activities	61	2	(20)	43	35	8	81.4%	32	32
Communication (G&S)	435	116		551	560	(9)	101.6%	506	503
Computer services	126	17	(106)	37	36	1	97.5%	-	-
Consultants: Business and advisory services	147	(200)	(100)	(153)	66	(219)	(43.1%)	264	264
Legal services	10,020			10,020	9,193	827	91.7%	18,818	18,818
Contractors	120	6	(22)	104	97	7	93.3%	85	85
Entertainment	1			1	-	1	-	-	-
Fleet services (including government motor transport)	298	466		764	725	39	94.9%	748	748
Inventory: Clothing material and accessories	2			2	-	2	-	-	-
Inventory: Material and supplies	6			6	-	6	-	1	-
Consumable supplies	62	(9)		53	21	32	39.6%	27	28
Consumable: Stationery, printing and office supplies	325	(91)	(70)	164	94	70	57.3%	54	54
Operating leases	12,978	(632)	(500)	11,846	12,898	(1,052)	108.9%	9,241	9,241
Property payments	1			1	-	1	-	-	-
Transport provided: Departmental activity	-	5		5	-	5	-	-	-
Travel and subsistence	688	(154)	(80)	454	351	103	77.3%	486	486
Training and development	1,035	(313)	(400)	322	194	128	60.2%	777	777
Operating payments	251	193	(25)	419	420	(1)	100.2%	501	501
Venues and facilities	5			5	-	5	-	-	-
Transfers and subsidies	-	-	24	24	23	1	95.8%	28	28
Households	-	-	24	24	23	1	95.8%	28	28
Social benefits			24	24	23	1	95.8%	-	-



APPROPRIATION STATEMENT

for the year ended 31 March 2018

Sub-programme: 1.3: CORPORATE MANAGEMENT SERVICES

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic Classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	531	(500)	-	31	1	30	3.2%	71	13
Transport equipment	500	(500)		-	-	-	-	-	-
Other machinery and equipment	31			31	1	30	3.2%	71	13
Total	37,900	3,030	(1,344)	39,586	38,905	681	98.3%	48,346	48,285

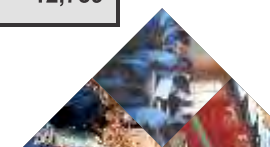


APPROPRIATION STATEMENT

for the year ended 31 March 2018

Sub-programme: 1.4: FINANCIAL MANAGEMENT

Economic Classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	10,868	382	-	11,250	11,933	(683)	106.1%	9,979	10,329
Compensation of employees	6,275	382	-	6,657	7,060	(403)	106.1%	6,666	6,666
Salaries and wages	6,275	315		6,590	6,027	563	91.5%	5,803	5,803
Social contributions		67		67	1,033	(966)	1541.8%	863	863
Goods and services	4,593	-	-	4,593	4,873	(280)	106.1%	3,313	3,663
Administrative fees	53	39		92	68	24	73.9%	40	40
Advertising	42	(42)		-	-	-	-	-	-
Minor assets	60	(21)		39	51	(12)	130.8%	44	41
Audit costs: External	3,221	(109)		3,112	3,443	(331)	110.6%	2,609	2,609
Catering: Departmental activities	10			10	-	10	-	2	2
Communication (G&S)	203	(130)		73	68	5	93.2%	43	43
Computer services	380	519		899	928	(29)	103.2%	176	176
Contractors	2	31		33	34	(1)	103.0%	-	-
Agency and support / outsourced services	12	(12)		-	-	-	-	29	29
Fleet services (including government motor transport)	33	(32)		1	-	1	-	0	-
Inventory: Materials and supplies	1			1	-	1	-	0	-
Consumable supplies	8	(6)		2	1	1	50.0%	1	4
Consumable: Stationery, printing and office supplies	169	27		196	195	1	99.5%	161	161
Operating leases	-			-	-	-	-	-	351
Transport provided: Departmental activity	-			-	-	-	-	-	-
Travel and subsistence	261	(178)		83	29	54	34.9%	119	119
Operating payments	104	(52)		52	56	(4)	107.7%	88	88
Transfers and subsidies	-	-	-	-	-	-	-	20	20
Households	-	-	-	-	-	-	-	20	20
Social benefits	-	-	-	-	-	-	-	20	20
Payments for capital assets	566	500	-	1,066	936	130	87.8%	2,896	2,390
Machinery and equipment	500	500	-	1,000	878	122	87.8%	1,932	1,426
Transport equipment	-			-	-	-	-	230	226
Other machinery and equipment	500	500		1,000	878	122	87.8%	1,702	1,200
Software and other intangible assets	66			66	58	8	87.9%	964	964
Payment for financial assets									
Total	11,434	882	-	12,316	12,869	(553)	104.5%	12,895	12,739



APPROPRIATION STATEMENT

for the year ended 31 March 2018

Programme 2: GROWTH PATH AND SOCIAL DIALOGUE

	2017/18							2016/17	
	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	24,455	(898)	(771)	22,786	22,308	478	97.9%	20,483	19,715
2. SOCIAL DIALOGUE, PRODUCTIVITY AND INNOVATION	8,367	898	(315)	8,950	8,818	132	98.5%	9,404	8,082
	32,822	-	(1,086)	31,736	31,126	610	98.1%	29,887	27,797
Economic classification									
Current payments	32,558	-	(1,086)	31,472	31,110	362	98.8%	29,730	27,776
Compensation of employees	29,533	-	(473)	29,060	28,989	71	99.8%	27,862	25,909
Salaries and wages	29,533	(157)	(473)	28,903	25,808	3,095	89.3%	25,166	23,213
Social contributions	-	157	-	157	3,181	(3,024)	2025.5%	2,696	2,696
Goods and services	3,025	-	(613)	2,412	2,121	291	88.0%	1,868	1,867
Administrative fees	119	7	-	126	41	85	32.5%	29	29
Advertising	20	-	(8)	12	-	12	-	-	-
Minor assets	1	-	-	1	-	1	-	-	-
Catering: Departmental activities	136	55	-	191	95	96	49.7%	79	78
Communication (G&S)	201	40	-	241	206	35	85.5%	154	154
Computer services	486	(148)	(289)	49	249	(200)	508.2%	466	466
Consultants: Business and advisory services	88	32	-	120	31	89	25.8%	-	-
Legal services	-	-	-	-	-	-	-	110	110
Contractors	57	14	-	71	22	49	31.0%	7	7
Entertainment	5	-	-	5	-	5	-	-	-
Fleet services (including government motor transport)	2	17	-	19	16	3	84.2%	100	100
Inventory: Clothing material and accessories	11	(8)	-	3	-	3	-	-	-
Consumable supplies	31	(8)	-	23	3	20	13.0%	4	4
Consumable: Stationery, printing and office supplies	75	(62)	-	13	30	(17)	230.8%	15	15
Property payments	4	-	-	4	-	4	-	-	-



APPROPRIATION STATEMENT

for the year ended 31 March 2018

	2017/18							2016/17	
	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
Transport provided: Departmental activity	5	-	(1)	4	-	4	-	1	-
Travel and subsistence	1,389	177	(307)	1,259	1,238	21	98.3%	839	839
Operating payments	101	(23)	-	78	71	7	91.0%	61	61
Venues and facilities	282	(90)	-	192	118	74	61.5%	3	3
Rental and hiring	12	(3)	(8)	1	1	-	100.0%	-	-
Transfers and subsidies	-	-	-	-	14	(14)	-	10	10
Households	-	-	-	-	14	(14)	-	10	10
Social benefits	-	-	-	-	14	(14)	-	10	10
Payments for capital assets	264	-	-	264	2	262	0.4%	147	11
Machinery and equipment	157	-	-	157	2	155	0.6%	147	11
Software and other Intangible assets	107	-	-	107	-	107	-	-	-
Total	32,822	-	(1,086)	31,736	31,125	610	98.1%	29,887	27,797

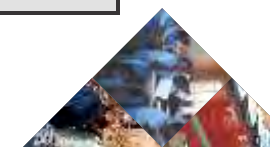


APPROPRIATION STATEMENT

for the year ended 31 March 2018

Sub-programme: 2.1: GROWTH PATH AND JOB DRIVERS

Economic Classification	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	24,282	(898)	(771)	22,613	22,294	319	98.6%	20,411	19,698
Compensation of employees	22,412	(898)	(473)	21,041	20,802	239	98.9%	19,148	18,436
Salaries and wages	22,412	(1,052)	(473)	20,887	18,674	2,213	89.4%	17,167	16,455
Social contributions	-	154		154	2,127	(1,974)	1381.2%	1,981	1,981
Goods and services	1,870	-	(298)	1,572	1,492	80	95.0%	1,263	1,262
Administrative fees	42	5		47	23	24	48.9%	17	17
Advertising	12			12	-	12	-	-	-
Minor assets	-			-	-	-	-	-	-
Catering: Departmental activities	74	55		129	92	37	71.3%	41	40
Communication (G&S)	152	11		163	130	33	79.8%	111	110
Computer services	486	(148)	(289)	49	249	(200)	508.2%	466	466
Consultants: Business and advisory services	68	32		100	31	69	31.0%	-	-
Legal services	-			-	-	-	-	110	110
Contractors	-			-	7	(7)	-	7	7
Entertainment	5			5	-	5	-	-	-
Fleet services (including government motor transport)	-	9		9	8	1	88.9%	3	3
Consumable supplies	18	(9)		9	1	8	11.1%	1	1
Consumable: Stationery, printing and office supplies	68	(28)		40	30	10	77.5%	4	4
Transport provided: Departmental activity	1		(1)	-	-	-	-	-	-
Travel and subsistence	655	185		840	740	100	88.1%	459	459
Operating payments	81	(24)		57	62	(5)	108.8%	41	41
Venues and facilities	201	(90)		111	118	(7)	106.3%	3	3
Rental and hiring	7	2	(8)	1	1	-	100.0%	-	-
Transfers and subsidies	-	-	-	-	14	(14)	-	10	10
Households	-	-	-	-	14	(14)	-	10	10
Social benefits				-	14	(14)	-	-	-
Payments for capital assets	173	-	-	173	-	173	-	62	7
Machinery and equipment	66	-	-	66	-	66	-	62	7
Other machinery and equipment	66	-	-	66	-	66	-	62	7
Software and other intangible assets	107			107		107	-	-	-
Total	24,455	(898)	(771)	22,786	22,308	478	97.9%	20,483	19,715



APPROPRIATION STATEMENT

for the year ended 31 March 2018

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

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic Classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8,276	898	(315)	8,859	8,816	43	99.5%	9,319	8,078
Compensation of employees	7,121	898	-	8,019	8,187	(168)	102.1%	8,714	7,473
Salaries and wages	7,121	895		8,016	7,134	882	89.0%	7,999	6,758
Social contributions		3		3	1,053	(1,050)	35100.0%	715	715
Goods and services	1,155	-	(315)	840	629	211	74.9%	605	605
Administrative fees	77	2		79	18	61	22.8%	12	12
Advertising	8		(8)	-	-	-	-	-	-
Minor assets	1			1	-	1	-	-	-
Catering: Departmental activities	62			62	3	59	4.8%	38	38
Communication (G&S)	49	29		78	76	2	97.4%	43	43
Consultants: Business and advisory services	20			20	-	20	-	-	-
Contractors	57	14		71	15	56	21.1%	-	-
Fleet services (including government motor transport)	2	8		10	8	2	80.0%	97	97
Inventory: Clothing material and accessories	11	(8)		3	-	3	-	-	-
Consumable supplies	13	1		14	2	12	14.3%	3	3
Consumable: Stationery, printing and office supplies	7	(34)		(27)	-	(27)	-	11	11
Property payments	4			4	-	4	-	-	-
Transport provided: Departmental activity	4			4	-	4	-	1	-
Travel and subsistence	734	(8)	(307)	419	498	(79)	118.9%	380	380
Operating payments	20	1		21	9	12	42.9%	20	20
Venues and facilities	81			81	-	81	-	-	-
Rental and hiring	5	(5)		-	-	-	-	-	-
Transfers and subsidies	91	-	-	91	2	89	1.1%	85	4
Households								48	48
Social benefits								48	48
Payments for capital assets	91	-	-	91	2	89	1.1%	85	4
Machinery and equipment	91	-	-	91	2	89	1.1%	85	4
Other machinery and equipment	91	-	-	91	2	89	1.1%	85	4
Total	8,367	898	(315)	8,950	8,818	132	98.5%	9,404	8,082



APPROPRIATION STATEMENT

for the year ended 31 March 2018

Programme 3: INVESTMENT, COMPETITION AND TRADE

	2017/18							2016/17	
	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	258,922	2,910	(79)	261,753	261,663	90	100.0%	220,652	220,620
2. COMPETITION, TRADE AND OTHER ECONOMIC REGULATION	391,575	(300)	4,858	396,133	395,913	220	99.9%	319,068	318,146
2. INFRASTRUCTURE DEVELOPMENT COORDINATION	144,457	(2,610)	(2,349)	139,498	139,682	(184)	100.1%	12,623	8,103
	794,954	-	2,430	797,384	797,259	126	100.0%	552,343	546,869
Economic classification									
Current payments	21,533	-	(2,636)	18,897	18,944	(48)	100.3%	23,393	18,059
Compensation of employees	15,621	-	407	16,029	16,030	(1)	100.0%	20,319	14,993
Salaries and wages	15,621	(213)	407	15,815	14,305	1,510	90.5%	18,880	13,554
Social contributions	-	213	-	214	1,725	(1,511)	806.1%	1,439	1,439
Goods and services	5,912	-	(3,043)	2,868	2,914	(47)	101.6%	3,074	3,066
Administrative fees	127	-	(109)	18	16	2	88.9%	28	28
Advertising	668	10	(149)	529	10	519	1.9%	42	42
Minor assets	-	10	(17)	(7)	-	(7)	-	-	-
Catering: Departmental activities	560	19	(348)	231	111	120	48.1%	61	61
Communication (G&S)	306	7	(202)	111	111	-	100.0%	219	220
Consultants: Business and advisory services	1,002	201	(6)	1,197	1,925	(728)	160.8%	1,341	1,332
Contractors	801	(200)	(351)	250	-	250	-	-	-
Entertainment	5	-	(5)	-	-	-	-	1	1
Fleet services (including government motor transport)	4	3	-	7	2	5	28.6%	13	13
Consumable supplies	20	17	-	37	15	22	40.5%	23	23
Consumable supplies	142	-	(142)	-	-	-	-	-	-



APPROPRIATION STATEMENT

for the year ended 31 March 2018

	2017/18							2016/17	
	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
Consumable: Stationery, printing and office supplies	208	(4)	(162)	42	50	(8)	119.0%	33	33
Property payments	4	-	4	8	-	8	-	-	-
Travel and subsistence	1,370	2	(1,013)	360	564	(204)	157.1%	819	818
Training and development	2	-	(2)	-	-	-	-	31	31
Operating payments	411	(66)	(309)	36	71	(35)	197.2%	450	452
Venues and facilities	275	-	(232)	43	39	4	90.7%	13	13
Rental and hiring	7	-	-	7	-	7	-	-	-
Transfers and subsidies	773,240	-	5,066	778,306	778,305	1	100.0%	528,781	528,781
Departmental agencies and accounts	387,460	-	5,000	392,460	392,460	-	100.0%	315,657	315,657
Departmental agencies (non – business entities)	387,460	-	5,000	392,460	392,460	-	100.0%	315,657	315,657
Public corporations and private enterprises	385,780	-	-	385,780	385,780	-	100.0%	213,124	213,124
Public corporations	385,780	-	-	385,780	385,780	-	100.0%	213,124	213,124
- Other transfers to public corporations	385,780	-	-	385,780	385,780	-	100.0%	213,124	213,124
Households	-	-	66	66	65	1	98.5%	-	-
- Social benefits	-	-	66	66	65	1	98.5%	-	-
Payments for capital assets	181	-	-	181	9	172	4.7%	169	29
Machinery and equipment	181	-	-	181	9	172	4.7%	169	29
Other machinery and equipment	181	-	-	181	9	172	4.7%	169	29
Total	794,954	-	2,430	797,384	797,258	126	100.0%	552,343	546,869



APPROPRIATION STATEMENT

for the year ended 31 March 2018

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

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic Classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	5,078	2,910	(79)	7,909	7,880	29	99.6%	7,501	7,492
Compensation of employees	3,939	2,911	473	7,323	7,459	(137)	101.9%	6,939	6,939
Salaries and wages	3,939	2,594	473	7,006	6,659	347	95.0%	6,259	6,259
Social contributions		317		317	800	(484)	252.4%	680	680
Goods and services	1,139	-	(552)	586	421	166	71.8%	562	553
Administrative fees	68		(60)	8	7	1	87.5%	12	12
Advertising	-			-	-	-	-	42	42
Minor assets	-	10	(10)	-	-	-	-	-	-
Catering: Departmental activities	165	19		184	67	117	36.4%	28	28
Communication (G&S)	86	7	(62)	31	36	(5)	116.1%	40	40
Consultants: Business and advisory services	6		(6)	-	-	-	-	9	-
Entertainment	2		(2)	-	-	-	-	1	1
Contractors	5		(5)	-	-	-	-		
Fleet services (including government motor transport)	1	3		4	1	3	25.0%	6	6
Consumable supplies	11			11	1	10	9.1%	15	15
Consumable: Stationery, printing and office supplies	66	(4)	(61)	1	11	(10)	1100.0%		
Travel and subsistence	439	31	(195)	274	246	29	89.8%	403	403
Operating payments	208	(66)	(109)	33	13	20	39.4%	5	6
Venues and facilities	82		(42)	40	39	1	97.5%		
Transfers and subsidies	253,780	-	-	253,780	253,780	-	100.0%	213,124	213,124
Public corporations and private enterprises	253,780	-	-	253,780	253,780	-	100.0%	213,124	213,124
Public corporations	253,780	-	-	253,780	253,780	-	100.0%	213,124	213,124
- Other transfers to public corporations	253,780	-	-	253,780	253,780	-	100.0%	213,124	213,124
Payments for capital assets	64	-	-	64	3	61	4.8%	27	4
Machinery and equipment	64	-	-	64	3	61	4.8%	27	4
Other machinery and equipment	64	-	-	64	3	61	4.8%	27	4
Total	258,922	2,910	(79)	261,753	261,663	90	100.0%	220,652	220,620



APPROPRIATION STATEMENT

for the year ended 31 March 2018

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

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic Classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4,072	(300)	(142)	3,630	3,453	177	95.1%	3,371	2,487
Compensation of employees	3,907	(300)	-	3,607	3,440	167	95.4%	3,329	2,445
Salaries and wages	3,907	(300)		3,607	3,033	574	84.1%	3,052	2,168
Social contributions				-	407	(407)	-	277	277
Goods and services	165	-	(142)	23	13	10	56.5%	42	42
Administrative fees	3		(3)	-	-	-	-		0
Advertising	-		(2)	(2)	-	(2)	-		
Catering: Departmental activities	2			2	-	2	-	6	6
Communication (G&S)	15			15	7	8	46.7%	6	7
Fleet services (including government motor transport)	-			-	-	-	-	1	0
Consumable supplies	-			-	1	(1)	-	1	1
Consumable: Stationery, printing and office supplies	-			-	-	-	-	16	16
Travel and subsistence	143		(130)	13	5	8	38.5%	12	12
Operating payments	2			2	-	2	-		
Venues and facilities	-			-	-	-	-		
Transfers and subsidies	387,460	-	5,000	392,460	392,460	-	100.0%	315,657	315,657
Departmental agencies and accounts	387,460	-	5,000	392,460	392,460	-	100.0%	315,657	315,657
Departmental agencies (non – business entities)	387,460	-	5,000	392,460	392,460	-	100.0%	315,657	315,657
Payments for capital assets	43	-	-	43	-	43	-	40	1
Machinery and equipment	43	-	-	43	-	43	-	40	1
Other machinery and equipment	43	-	-	43	-	43	-	40	1
Total	391,575	(300)	4,858	396,133	395,913	220	99.9%	319,068	318,146



APPROPRIATION STATEMENT

for the year ended 31 March 2018

Sub-programme: 3.3: INFRASTRUCTURE DEVELOPMENT COORDINATION

	2017/18							2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic Classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12,383	(2,610)	(2,415)	7,358	7,612	(254)	103.5%	12,521	8,080
Compensation of employees	7,775	(2,610)	(66)	5,099	5,131	(32)	100.6%	10,051	5,609
Salaries and wages	7,775	(2,507)	(66)	5,202	4,613	589	88.7%	9,569	5,127
Social contributions		(103)		(103)	518	(621)	(502.9%)	482	482
Goods and services	4,608	-	(2,349)	2,259	2,480	(221)	109.8%	2,470	2,471
Administrative fees	56		(46)	10	9	1	90.0%	16	16
Advertising	668	10	(147)	531	10	521	1.9%		
Minor assets	-			-	-	-	-		
Catering: Departmental activities	393		(348)	45	44	1	97.8%	27	27
Communication (G&S)	205		(140)	65	68	(3)	104.6%	173	173
Consultants: Business and advisory services	996	201		1,197	1,925	(728)	160.8%	1,332	1,332
Contractors	796	(200)	(346)	250	-	250	-		
Entertainment	3		(3)	-	-	-	-		
Fleet services (including government motor transport)	3			3	1	2	33.3%	6	6
Consumable supplies	9	17		26	13	13	50.0%	6	6
Consumable: Stationery, printing and office supplies	142		(101)	41	39	2	97.6%	17	17
Property payments	4		4	8	-	8	-		
Travel and subsistence	788	(28)	(688)	72	313	(241)	434.7%	403	403
Training and development	2		(2)	-	-	-	-	31	31
Operating payments	201		(200)	1	58	(57)	5800.0%	445	446
Venues and facilities	193		(190)	3	-	3	-	13	13
Rental and hiring	7			7	-	7	-		
Transfers and subsidies	132,000	-	66	132,066	132,065	1	100.0%	-	-
Departmental agencies and accounts	132,000	-	66	132,066	132,065	1	100.0%	-	-
Departmental agencies (non – business entities)	132,000	-	66	132,066	132,065	1	100.0%	-	-
Public corporations and private enterprises	132,000	-	66	132,066	132,065	1	100.0%	-	-
Households	-	-	66	66	65	1	98.5%	-	-
Social benefits			66	66	65	1	98.5%		
Payments for capital assets	74	-	-	74	6	68	7.5%	102	23
Machinery and equipment	74	-	-	74	6	68	7.5%	102	23
Other machinery and equipment	74	-	-	74	6	68	7.5%	102	23
Total	144,457	(2,610)	(2,349)	139,498	139,682	(184)	100.1%	12,623	8,103



NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2018

- 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
- 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
- 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	85,117	83,666	1,451	2%
Variance is on Compensation of Employees due to capping of CoE budget by National Treasury.				
2. Growth path and social dialogue	31,736	31,126	610	2%
Variance is on Compensation of Employees due to capping of CoE budget by National Treasury.				
3. Investment, competition and trade	797,384	797,258	126	0%
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
Current expenditure				
Compensation of employees	89,953	88,523	1,430	2%
Goods and services	44,21	44 109	109	0%
Transfers and subsidies				
Departmental agencies and accounts	392,460	392,460	-	0%
Public corporations and private enterprises	385,780	385,780	-	0%
Households	119	130	(11)	-9%
Payments for capital assets				
Machinery and equipment	1,444	904	540	37%
Software and other intangible assets	263	144	119	45%
The main variance is on Compensation of Employees (COE) as the filling of posts has been adjusted due to the capping of COE budget.				

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	1	914 237	674 661
Departmental revenue	2	167 560	137 336
Aid assistance	3	-	2 541
TOTAL REVENUE		1 081 797	814 538
EXPENDITURE			
Current expenditure			
Compensation of employees	4	88 523	84 990
Goods and services	5	44 109	48 475
Total current expenditure		132 632	133 465
Transfers and subsidies			
Transfers and subsidies	7	778 371	528 846
Aid assistance	3	1 271	1 270
Total transfers and subsidies		779 642	530 116
Expenditure for capital assets			
Tangible assets	8	903	1 507
Intangible	8	144	1 265
Total expenditure for capital assets		1 047	2 772
Payments for financial assets	6	-	-
TOTAL EXPENDITURE		913 321	666 353
SURPLUS/(DEFICIT) FOR THE YEAR		168 476	148 185
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		2 187	9 578
Annual appropriation		2 187	9 578
Departmental revenue and NRF Receipts	2	167 560	137 336
Aid assistance	3	(1 271)	1 271
SURPLUS/(DEFICIT) FOR THE YEAR		168 476	148 185

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
ASSETS			
Current Assets		638 818	11 144
Cash and cash equivalents	9	522 244	10 699
Prepayments and advances	10	255	315
Receivables	11&13	116 319	130
Non - Current Assets		1 392 969	1 392 969
Investments	12	1 392 969	1 392 969
Receivables	11	-	-
TOTAL ASSETS		2 031 787	1 404 113
LIABILITIES			
Current Liabilities		638 818	11 144
Voted funds to be surrendered to the revenue fund	11&13	-	9 578
Departmental revenue and NRF receipts to be surrendered to the Revenue Fund	14	449	1
Bank overdraft	14.1	116 112	-
Payables	15	522 257	294
Aid assistance unutilised	3	-	1 271
TOTAL LIABILITIES		638 818	11 144
NET ASSETS		1 392 969	1 392 969
Represented by:			
Capitalisation reserve		1 392 969	1 392 969
TOTAL		1 392 969	1 392 969

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
NET ASSETS			
Capitalisation Reserve			
Opening balance		1 392 969	1 392 969
Closing balance		1 392 969	1 392 969
Recoverable revenue			
Opening balance		-	-
		-	-
Transfers			
Debts revised		-	-
Debts recovered (Included in departmental receipts)		-	(13)
Debts raised		-	13
Closing balance		-	-
TOTAL		1 392 969	1 392 969

STATEMENT OF CASH FLOW

for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		913 310	794 538
Annual appropriated funds received	1.1	795 750	674 661
Departmental revenue received	2	117 437	117 077
Interest received	2.3	123	259
Aid assistance received	3	-	2 541
Net (Increase)/ decrease in working capital		522 134	235
Surrendered to Revenue Fund		(176 690)	(189 525)
Current payments		(132 632)	(133 465)
Payments for financial assets		-	-
Transfers and subsidies paid		(779 642)	(530 116)
Net cash flow available from operating activities	16	346 480	(58 333)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(1 047)	(2 772)
Nets cash flows from investing activities		(1 047)	(2 772)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received	2.3	50 000	20 000
Increase/ (decrease) in net assets		-	-
Net cash flows from financing activities		50 000	20 000
Net increase/ (decrease) in cash and cash equivalents		395 433	(41 105)
Cash and cash equivalents at beginning of period		10 699	51 804
Cash and cash equivalents at end of period	17	406 132	10 699

ACCOUNTING POLICIES

for the year ended 31 March 2018

Summary of significant accounting policies

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

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

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

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

ACCOUNTING POLICIES

for the year ended 31 March 2018

7.3	Accrued departmental revenue Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy
8	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.2.2	Social contributions Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
8.2	Other expenditure Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.
8.3	Accruals and payables not recognised Accruals and payables not recognised are recorded in the notes to the financial statements 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. Accruals and payables not recognised are measured at cost.
8.4	Leases
8.4.1	Operating leases Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	Finance leases Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

ACCOUNTING POLICIES

for the year ended 31 March 2018

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

ACCOUNTING POLICIES

for the year ended 31 March 2018

	Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.
16.3	Intangible assets Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.
17	Provisions and Contingents
17.1	Provisions Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
17.2	Contingent liabilities Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.
17.3	Commitments Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.
18	Unauthorised expenditure Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either: • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.
19	Fruitless and wasteful expenditure Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to

ACCOUNTING POLICIES

for the year ended 31 March 2018

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

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	2017/18			2016/17	
	Final Appropriation R'000	Funds Received R'000	Funds Not Requested/ Not Received R'000	Final Appropriation R'000	Appropriation Received R'000
Administration	85,117	83,666	1,451	92 388	92 388
Growth path and social dialogue	31,736	31,125	611	29 924	29 924
Investment, competition and trade	797,384	680,959	116,425	552 349	552 349
Total	914,237	795,750	118,487	674 661	674 661

2. Departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Sales of goods and services other than capital assets	2.1	31	30
Fines, penalties and forfeits	2.2	117,400	117 000
Interest, dividends and rent on land	2.3	50,123	20 259
Transactions in financial assets and liabilities	2.4	6	47
Total		167,560	137 336

2.1 Sales of goods and services other than capital assets

	Note	2017/18 R'000	2016/17 R'000
Sales of goods and services produced by the department	2	31	30
Sales by market establishment*		16	17
Other sales**		15	13
Sales of scrap, waste and other used current goods			-
Total		31	30

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

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

2.2 Fines, penalties and forfeits

	Note	2017/18 R'000	2016/17 R'000
Penalties	2	117 400	117 000
Total		117 400	117 000

Penalties relate to payments received by companies in the construction industry in terms of the Voluntary Rebuilding Programme (VRP) Settlement Agreement for the Tirisano Fund. This was collected through PICC.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

2.3 Interest dividends and rent on land

	Note	2017/18 R'000	R'000
Interest	2	123	259
Dividends*	2	50 000	20 000
Total		50 123	20 259

*Dividends were received from IDC, a wholly owned subsidiary of EDD as part of investment and transferred to the National Revenue Fund via EDD. The board declared and paid R 50 million of dividends.

2.4 Transactions in financial assets and liabilities

	Note	2017/18 R'000	2016/17 R'000
Other receipts including recoverable Revenue	2	6	47
Total		6	47

2.5 Cash received not recognised (not included in the main note) – 2017/18

Name of entity	Amount Received R'000	Amount paid to Revenue Fund R'000	Balance R'000
Competition Commission	524 169	2 000	522 169
Total	524 169	2 000	522 169

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
Total	248 229	247 982	247

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 R 523.9 million was received from Competition Commission for fines and penalties imposed by the Competition Tribunal which is not recognised as Departmental Revenue. Only R 1.7 million was paid to the National Revenue Fund by year end. Similarly for the 2016/17 financial year, EDD had disclosed R 248.2 million.

3. Aid assistance

	Note	2017/18 R'000	2016/17 R'000
Opening Balance		1 271	-
Prior period error		-	-
As restated		1 271	-
Transferred from statement of financial performance		(1 271)	1 271
Transferred to/from retained funds		-	-
Paid during the year		-	-
Closing balance		-	1 271

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

3.1 Analysis of balance by source

	Note	2017/18 R'000	2016/17 R'000
Aid assistance unutilised	3	-	1 271
Closing balance		-	1 271

EDD facilitated funding for the feasibility study on the Dimbaza Steel Mill (R 2.541 million) through the dti. R 2.541 million was received, R 1.271 million was transferred to the beneficiaries in the 2016/17 financial year and the remaining balance of R 1.270 was transferred in the 2017/18 financial year.

4. Compensation of employees

4.1 Salaries and wages

	Note	2017/18 R'000	2016/17 R'000
Basic salary		58 598	56 226
Performance award		802	1 384
Service based		16	154
Compensative/circumstantial*		2829	3 030
Periodic payments		42	-
Other non-pensionable allowances**		16 631	15 422
Total		78 918	76 216

*Compensative/circumstantial includes acting allowance paid during the year

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

4.2 Social Contributions

Employer Contributions	Note	2017/18 R'000	2016/17 R'000
Pension		7 530	7 199
Medical		1 815	1 566
Bargaining council		260	9
Total		9 605	8 774

Total compensation of employees 88 523 84 990

Average number of employees 120 118

120 excludes Minister and Deputy Minister

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

5. Goods and services

	Note	2017/18 R'000	2016/17 R'000
Administrative fees		358	467
Advertising		481	444
Minor assets	5.1	51	41
Bursaries (employees)		213	270
Catering		375	244
Communication		1 489	1 669
Computer services	5.2	1 265	779
Consultants: Business and advisory services		2 364	1 807
Legal services		9 193	18 927
Contractors		155	96
Agency and support / outsourced services		30	280
Audit cost – external	5.3	3 443	2 609
Fleet services		1 172	1 058
Consumables	5.4	836	757
Operating lease		13 508	9 592
Rental and hiring		1	-
Travel and subsistence	5.5	7 885	6 967
Venues and facilities		160	239
Training and development		234	808
Other operating expenditure	5.6	896	1 421
Total		44 109	48 475

5.1 Minor assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets	5	51	41
Machinery and equipment		51	41
Total		51	41

5.2 Computer services

	Note	2017/18 R'000	2016/17 R'000
SITA computer services	5	929	177
External computer service providers		336	602
Total		1 265	779

5.3 Audit cost

	Note	2017/18 R'000	2016/17 R'000
Regularity audits	5	3 443	2 609
Total		3 443	2 609

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

5.4 Consumables

	Note	2017/18 R'000	2016/17 R'000
Consumable supplies	5	108	101
Uniform and clothing		17	68
Household supplies		62	
Building material and supplies		2	7
Communication accessories		1	3
IT consumables		24	17
Other consumables		2	6
Stationery, printing and office supplies		728	656
Total		836	757

5.5 Travel and subsistence

	Note	2017/18 R'000	2016/17 R'000
Local	5	7 488	6 388
Foreign		397	579
Total		7 885	6 967

5.6 Other operating expenditure

	Note	2017/18 R'000	2016/17 R'000
Professional bodies, membership and subscription fees		27	60
Resettlement costs*		-	169
Other**		869	1 192
Total		896	1 421

*Resettlement costs relate to relocation cost for new appointees.

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

6 Payment for financial assets

	Note	2017/18 R'000	2016/17 R'000
Debts written off	6.1	-	-
Total		-	-

6.1 Debts written off

	Note	2017/18 R'000	2016/17 R'000
Other debts written off (Tax debt)	6	-	-
Total		-	-

No debts were written off during the year

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

7 Transfers and subsidies

	Note	2017/18 R'000	2016/17 R'000
Departmental agencies and accounts	Annex 1A	392 460	315 657
Public corporations and private enterprises	Annex 1B	385 780	2 13 124
Households	Annex 1C	131	65
Total		778 371	528 846

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

8 Expenditure for capital assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets		903	1 507
Machinery and equipment	27	903	1 507
Intangible assets		144	1 265
Software	28	144	1 265
Total		1 047	2 772

8.1 Analysis of funds utilised to acquire capital assets 2017/18

	Voted funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	903	-	903
Machinery and equipment	903	-	903
Intangible assets	144	-	144
Software	144	-	144
Total	1 047	-	1 047

8.2 Analysis of funds utilised to acquire capital assets 2016/17

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

8.3 Finance lease expenditure included in expenditure for capital assets

	Note	2017/18 R'000	2016/17 R'000
Machinery and equipment	8	621	626
Total		621	626

Finance lease consist of lease for cellphones and photocopy machines contracts

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

9 Cash and Cash equivalents

	Note	2017/18 R'000	2016/17 R'000
Consolidated Paymaster General Account*		-	10 368
Cash on hand**		24	24
Investments (Domestic)***		522 220	307
Total		522 244	10 699

**The R24 thousand is the standing petty cash.

***Investments (Domestic) comprises of R 522.2 million received from Competition Commission, to be paid to National Treasury.

10 Prepayments and Advances

	Note	2017/18 R'000	2016/17 R'000
Advances paid (Not expensed)	10.1	255	315
Total		255	315

10.1 Advance paid (Not expensed)

	Note 10	Balance as at 1 April 2017 R'000	Less: Amount Expensed in Current Year R'000	Add: Current Year Advances R'000	Balance as at 31 March 2018 R'000
National departments		315	155	95	255
Provincial departments		-	-	-	-
Public entities		-	-	-	-
Other institutions		-	-	-	-
Total		315	155	95	255

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

11 Receivables

	Note	2017/18		
		Current R'000	Non - Current R'000	Total R'000
Claims recoverable	11.1; Annex 4	-	-	-
Recoverable expenditure	11.2	-	-	-
Staff debt	11.3	19	-	19
Other debtors	11.4	116 300	-	116 300
Total		116 319	-	116 319

2016/17		
Current R'000	Non - Current R'000	Total R'000
97	-	97
-	-	-
33	-	33
-	-	-
130	-	130

11.1 Claims recoverable

	Note	2017/18 R'000	2016/17 R'000
National departments	11	-	97
Total			97

11.2 Recoverable expenditure

	Note	2017/18 R'000	2016/17 R'000
Excess (Accident)	11	-	-
GEPF (Government Employees Pension Fund)		-	-
Total		-	-



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

11.3 Staff debt

	Note	2017/18 R'000
Private telephone (Cellphone)	11	-
Salary overpayment (out of service)		-
GG Accident		19
Total		19

2016/17 R'000
8
6
19
33

Debt to the value of R19 thousand has been handed over to the State Attorney.

11.4 Other debtors

	Note	2017/18 R'000
Funds due by National Treasury	13	116 300
Total		116 300

2016/17 R'000
-
-

Funds appropriated to the Department and not requested/ received during the financial year. Refer to note 13.

12 Investment

Non - Current Shares and Other Equity	Note	2017/18 R'000
List investments at cost		
IDC A Shares 1 000 000 at cost(100% shareholding)		1 000
IDC B Share 1 391 969 357 at cost(100% shareholding)		1 391 969
Total		1 392 969

2016/17 R'000
1 000
1 391 969
1 392 969

Analysis of non - current investments

	Note	2017/18 R'000	2016/17 R'000
Opening balance		1 392 969	1 392 969
Closing balance		1 392 969	1 392 969

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

13 Voted funds to be surrendered to the Revenue Fund

	Note	2017/18 R'000
Opening balance		9 578
As restated		9 578
Transfer from statement of financial performance		2 187
Voted funds not requested/ not received		(118 487)
Paid during the year		(9 578)
Closing balance		(116 300)

2016/17 R'000
2 045
2 045
9 578
(2 045)
9 578

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

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

	Note	2017/18 R'000	2016/17 R'000
Opening balance		1	50 145
As restated		1	50 145
Transfer from statement of financial performance		167 560	137 336
Paid during the year	14.1	(167 112)	(187 480)
Closing balance		449	1

14.1 Bank Overdraft

	Note	2017/18 R'000	2016/17 R'000
Consolidated Paymaster General Account		116 112	-
Total		116 112	-

Funds appropriated to the Department and not requested/ received during the financial year. Refer to note 11.4

15 Payable - current

	Note	2017/18 R'000	2016/17 R'000
Amounts owing to other entities		-	42
Clearing accounts	15.1	88	5
Other payables	15.2	522 169	247
Total		522 257	294

15.1 Clearing accounts

	Note	2017/18 R'000	2016/17 R'000
	15		
SARS (PAYE)		82	5
Government Employees Pension Fund (GEPPF)		6	
Total		88	5

15.2 Other payable

	Note 15	2017/18 R'000	2016/17 R'000
National Treasury – NRF*		522 169	247
Total		522 169	247

*National Treasury – NRF relates to penalties collected by the Competition Commission still to be paid to National Revenue Fund. The funds were received on last day of the financial year and paid in the first week of April.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

16 Net cash flow available from operating activities

Net Cash Flow Available from Operating Activities	2017/18 R'000	2016/17 R'000
Net surplus/(deficit as per statement of financial performance)	168 476	148 185
Add back non cash/cash movements not deemed operating activities	178 004	(206 518)
(Increase)/decrease in receivables - current	111	(46)
(Increase)/decrease in prepayments and advances	60	78
Increase/(decrease) in payable - current	521 963	203
Expenditure on capital assets	1 047	2 772
Surrenders to Revenue Fund	(176 690)	(189 525)
Voted funds not requested/ not received	(118 487)	-
Other non – cash items	(50 000)	(20 000)
Net cash flow generated by operating activities	346 480	(58 333)

17 Reconciliation of cash and cash equivalents for cash flow purpose

	Note	2017/18 R'000	2016/17 R'000
Consolidated Paymaster General Account*		(116 112)	10 368
Cash on hand**		24	24
Cash with commercial banks (local)***		522 220	307
Total		406 132	10 699

* The overdraft is due to funds appropriated not requested/ not received

**The R 24 thousand is the standing petty cash.

***Cash with commercial banks (local) comprises of R 522.2 million received from Competition Commission, to be paid to National Treasury.

18 Contingent liabilities and contingent assets

18.1 Contingent liabilities

	Note	2017/18 R'000	2016/17 R'000
Liable to Nature			
Other guarantees	Annex 3A	137 040	137 814
Intergovernmental payables (unconfirmed balances)	Annex 5	220	60
Total		137 260	137 874

19 Commitments

	Note	2017/18 R'000	2016/17 R'000
Current expenditure		866	2 018
Approved and contracted		866	2 018
Capital expenditure		26	21
Approved and contracted		26	21
Total		892	2 039

Commitments include National School of Government amounting to R34 thousand and Protea Coin amounting to R32 thousand.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

20 Accruals and payables not recognised

20.1 Accruals

Listed by Economic Classification	2017/18			2016/17
	30 Days R'000	30 + days R'000	Total R'000	Total R'000
Goods and services	1 285	57	1 342	8 319
Capital assets	26		26	14
Others*	36		36	365
Total	1 347	57	1 404	8 697

*Others relates to compensation of employees

Listed by Programme Level	Note	2017/18 R'000	2016/17 R'000
Programme 1: Administration		1 153	8 412
Programme 2: Growth Path and Social Dialogue		22	80
Programme 3: Investment, Competition and Trade		229	205
Total		1 404	8 697

The department incorrectly disclosed accruals as payables not recognised on the 2016/17 Annual Financial Statements. Refer to the error note.

20.2 Payables not recognised

Listed by Economic Classification	2017/18			2016/17
	30 Days R'000	30 + days R'000	Total R'000	Total R'000
Goods and services	724	273	997	1 554
Capital assets				136
Total	724	273	997	1 690

Listed by Programme Level	Note	2017/18 R'000	2016/17 R'000
Programme 1: Administration		826	1 228
Programme 2: Growth Path and Social Dialogue		106	261
Programme 3: Investment, Competition and Trade		65	202
Total		997	1 690

The department incorrectly disclosed accruals as payables not recognised on the 2016/17 Annual Financial Statements. Refer to the error note.

Included in the Above Totals are the Following:	Note	2017/18 R'000	2016/17 R'000
Confirmed balances with departments	Annex 5	489	7 832
Confirmed balances with other government entities	Annex 5	124	63
Total		613	7 895

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

21 Employee benefits

Listed by Programme Level	Note	2017/18 R'000	2016/17 R'000
Leave entitlement*		2 626	2 709
Service bonus (Thirteenth cheque)		1 635	1 534
Performance awards**		1 349	1 410
Capped leave commitments		640	656
Total		6 250	6 309

*Leave entitlement include negative values to the value of R 153 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 2018.

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

22 Operating lease commitments

	Specialised Military Assets R'000	Land R'000	Buildings and other Fixed Structure R'000	Machinery and Equipment R'000	Total R'000
2017/18					
Not later than 1 year	-	-	11 238	-	11 238
Later than 1 year and not later than 5 years	-	-	54 734	-	54 734
Later than 5 years	-	-	0,00	-	0,00
Total lease commitments			65 972		65 972

	Specialised Military Assets R'000	Land R'000	Buildings and other Fixed Structure R'000	Machinery and Equipment R'000	Total R'000
2016/17					
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	-	-

The operating lease is in respect of the rental agreement with the Dti for block A, E and G. The escalation clause for the rental range from 6,5% to 10%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

23 Finance lease commitments

2017/18	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	-	-	-	911	911
Later than 1 year and not later than 5 years	-	-	-	698	698
Total lease commitments				1 609	1 609

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
Total lease commitments	-	-	-	1 182	1 182

Finance lease consists of lease for cellphones and photocopy machines contracts

24 Irregular expenditure

24.1 Reconciliation of irregular expenditure

	2017/18 R'000	2016/17 R'000
Opening balance	394	175
As restated	394	175
Add: Irregular expenditure – relating to prior year	-	-
Add: Irregular expenditure – relating to current year	196	317
Less: Prior year amounts condoned	-	-
Less: Current year amounts condoned	(31)	(98)
Less: Amounts not condoned and not recoverable	-	-
Irregular expenditure awaiting condonation	559	394

National Treasury is reviewing legal fees procured through the Office of the State Attorney.

Analysis of Awaiting Condonation Per Age Classification	2017/18 R'000	2016/17 R'000
Current year	165	250
Prior years	394	175
Irregular expenditure awaiting condonation	559	394

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

Incident	Disciplinary Steps Taken/ Criminal Proceedings	2017/18 R'000
Splitting purchase orders to avoid SCM Processes	Condoned	31
Current year irregular relating to travel management contract	To be investigated	165
Total		196

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

24.3 Details of irregular expenditure condoned

Incident	Condoned by	2017/18 R'000
Splitting purchase orders to avoid SCM Processes	Accounting Authority	31
Total		

25 Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

	2017/18 R'000	2016/17 R'000
Opening balance	50	-
As restated	50	-
Add: Irregular expenditure – relating to current year		50
Fruitless and wasteful expenditure awaiting condonation	50	50

25.2 Analysis of awaiting resolution per economic classification

	2017/18 R'000	2016/17 R'000
Current	-	50
Total	-	50

25.3 Analysis of current year's fruitless and wasteful expenditure

Incident	Disciplinary Steps Taken/ Criminal Proceedings	2016/17 R'000
Total		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

26 Related party transactions

	Note	2017/18 R'000	2016/17 R'000
Revenue received			
Interest, dividends and rent on land		50 000	20 000
Total		50 000	20 000

	Note	2017/18 R'000	2016/17 R'000
Other			
Guarantees issued/received		137 032	137 814
Total		137 032	137 814

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

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)

Policy responsibility for **sefa** has been transferred to Small Business Department, however, the budget allocation has remained with EDD and **sefa** remains a wholly-owned subsidiary of the IDC.

27 Key management personnel

	No. of Individuals	2017/18 R'000	2016/17 R'000
Political office bearers*	2	4 379	4 212
Officials			
Level 15 to 16	8	4 295	4 532
Level 14	13	15 525	12 898
Total		24 199	21 642

*Political office bearers consist of:

- Minister E Patel
- Deputy Minister M Masuku.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

28 Movable Tangible Capital

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

	Opening Balance R'000	Value Adjustments R'000	Additions R'000	Disposal R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	13 688	-	333	125	13 896
Transport assets	3 643	-	-	110	3 533
Computer equipment	6 017	-	326	-	6 343
Furniture and office equipment	2 139	-	-	-	2 139
Other machinery and equipment	1 889	-	7	15	1 881
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	13 688	-	333	125	13 896

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:

Machinery and equipment

Number

37

Value
R'000

872

These assets could not be verified during assets verifications.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Additions

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

	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	903	-	(621)	51	333
Transport assets	-	-	-	-	-
Computer equipment	275	-	-	51	326
Furniture and office equipment	-	-	-	-	-
Other machinery and equipment	628	-	(621)	-	7
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	903	-	(621)	51	333

Disposal

28.2 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	110	15	125	-
Transport assets	110	-	110	-
Other machinery and equipment	-	15	15	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	110	15	125	-

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 2018

Movement for 2016/17

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

	Opening Balance R'000	Prior Period Error 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
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	12 789	-	919	20	13 688



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

28.4 Minor assets

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

	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	-	-	-	863	-	863
Value adjustment	-	-	-	(1)	-	(1)
Additions	-	-	-	50	-	50
Disposal	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	-	-	912	-	912

	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	-	-	-	519	-	519
TOTAL NUMBER MINOR ASSETS	-	-	-	527	-	527

Included in the above total of the minor capital assets per the assets register are assets that are under investigation:	Number	Value R'000
Machinery and equipment	42	67

These assets could not be verified during assets verifications



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSETS REGISTER FOR THE 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
TOTAL MINOR ASSETS	-	-	-	863	-	863

	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
TOTAL NUMBER MINOR ASSETS	-	-	-	497	-	497

29 Intangible Capital assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSETS REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening Balance R'000	Value Adjustments R'000	Additions R'000	Disposal R'000	Closing Balance R'000
Software	4 331	-	58	-	4 389
TOTAL INTANGIBLE CAPITAL ASSETS	4 331	-	58		4 389



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

29.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	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	58	-	-	-	58
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	58	-	-	-	58

Movement for 2016/17

29.2 MOVEMENT IN INTANGIBLE 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
Software	3 368	-	963	-	4 331
TOTAL INTANGIBLE CAPITAL ASSETS	3 368	-	963	-	4 331



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

30 Prior period errors

2016/17

30.1 Correction of prior period errors

Other	Note	Amount Before Error Correction R'000	Prior Period Error R'000	Restated Amount R'000
Expenditure: (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)				
Goods and services*	5	48 426	49	48 475
Net effect	Note	48 426	49	48 475

*Goods and services was incorrectly printed as R 48 426 instead of R 48 475 on the Statement of Financial Performance (2016/17 Annual Report). The excel template and the note were correctly stated.

Other	Note	Amount Before Error Correction R'000	Prior Period Error R'000	Restated Amount R'000
Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)				
Current Assets - Receivable	11	97	33	130
Non - Current Assets - Receivable*	11	33	(33)	-
Net effect	Note	130	-	130

*During 2016/17 annual report, debts amounting to R 33 thousand was disclosed as non - current assets instead of current assets. This was also clarified by National Treasury during their updated MCS roadshow.

Other	Note	Amount Before Error Correction R'000	Prior Period Error R'000	Restated Amount R'000
Accruals and Payables not Recognised				
Accruals*		-	8 697	8 697
Payables not recognised	20	10 387	(8 697)	1 690
Net effect	Note	10 387	-	10 387

*The Department incorrectly disclosed(recorded) an amount of R 8.697 million as payables not recognised instead of accruals. This was realised after the release of the updated MCS and Accounting Manual for departments which clarifies the difference between accruals and payables not recognised.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1A**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17
	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	258 354	-	5 000	258 354	263 354	100%	208 541
Competition Tribunal	30 041	-	-	30 041	30 041	100%	20 115
International Trade Administration Commission	99 065	-	-	99 065	99 065	100%	87 001
Total	387 460	-	5 000	387 460	392 460		315 657



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1B

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS	TRANSFER ALLOCATION				EXPENDITURE				2016/17
	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	Appropriation Act R'000
Public corporations									
Transfers									
Industrial Dev Corp - SA Ltd: SEFA	385 780	-	-	385 780	385 780	100.0%	-	385 780	213 124
Industrial Dev Corp - SA Ltd	385 780	-	-	385 780	385 780	100.0%	-	385 780	213 124
TOTAL	385 780	-	-	385 780	385 780	100.0%	-	385 780	213 124



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1C**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2016/17 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 %	
Transfers							
Employee social benefits	29	-	90	119	131	110%	65
	29	-	90	119	131		65



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1D

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
Received in cash			
Subtotal		-	-
Received in kind			
Received in kind – 2017/2018			
Vukani Technologies	Diary and pen		
Minister E.Patel	Book and CD Rom		
ACCA	Two tins of biscuits		
Konica Minolta South Africa	Two wall calendars, three desktop calendars and five pens		
Travel with Flair	10 desk calendars, 45 desktop calendars		
Subtotal		-	-
Received in kind – 2016/2017			
TWF	80 desk calendars		
Subtotal		-	-
TOTAL		-	-



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 1D

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Name of Donor	Purpose	Opening Balance R'000	Revenue R'000	Expenditure R'000	Pay Back on/by 31 March R'000	Closing Balance R'000
Received in cash SBM Iron and Steel Manufacturers	Detailed feasibility study on the Dimbaza Steel Mill	1 270	-	1 270	-	-
TOTAL		1 270	-	1 270	-	-

EDD facilitated funding for the feasibility study on the Dimbaza Steel Mill (R 2 541 million) through the dti, R 2 541 million was received, R 1 271 million was transferred to the beneficiaries in the 2016/17 financial year and the remaining balance of R 1 270 was transferred in the 2017/18 financial year.



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

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
				R'000	R'000	R'000	R'000	2017/18	2016/17	2017/18	2016/17	2017/18
IDC	Schedule 2	100	100	1 392 969 357	1 392 969 357	1 392 969	1 392 969	88 113 000	84 768 000	2 464 000	2 747 000	No
TOTAL				1 392 969 357	1 392 969 357	1 392 969	1 392 969	88 113 000	84 768 000	2 464 000	2 747 000	



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

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	
		2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Industrial Development Corporation of SA	Contribution to growth industrial development and economic empowerment through its financial activities	1 392 969	1 392 969	88 113 000	84 768 000	-	-	-	-
TOTAL		1 392 969	1 392 969	88 113 000	84 768 000	-	-	-	-



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 3

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2018 - FOREIGN

GUARANTOR INSTITUTION	Guarantee in Respect of	Original Guaranteed Capital Amount	Opening Balance 1 April 2017	Guaranteed Draw Downs During the Year	Guaranteed Repayments/ Cancelled/ Reduced/ Released During the Year	Revaluations	Closing Balance 31 March 2018	Guaranteed Interest for Year Ended 31 March 2018	Realised Losses not Recoverable i.e. Claims, Paid Out
KFW	IDC	448 221	137 810	-	4 784	4 006	137 032	R'000	R'000
TOTAL	IDC	448 221	137 810	-	4 784	4 006	137 032	6	-



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 4

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2018 - FOREIGN

GOVERNMENT ENTITY	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total		Cash in Transit at Year End 2016/17	
							Receipt date up to six (6) working days after year end	Amount
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	R'000	R'000
DEPARTMENTS								
Department of postal services and telecommunications	-	-	-	97	-	97		
Total	-	-	-	97	-	97		



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total		Cash in Transit at Year End 2016/17	
							Payment date up to six (6) working days before year end	Amount
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000		R'000
DEPARTMENTS								
Current								
Department of Trade and Industry	27	2 063	-	51	27	2 114		-
Department of Justice and Constitutional Development	246	5 727	-	-	246	5 727		-
Government Printing Works	216	42	220	(6)	436	36		-
South African Social Agency	-	-	-	15	-	15		-
Total Departments	489	7 832	220	60	709	7 892		-
OTHER GOVERNMENT ENTITY								
Current								
IDC	-	62	-	-	-	62		
SITA	124	-	-	-	124	-		
Total Other Government Entities	124	63	-	-	124	63		
TOTAL INTERGOVERNMENTAL	613	7 895	220	60	833	7 955		



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

ANNEXURE 6

INTER-ENTITY ADVANCES PAID (note 10)

ENTITY	Confirmed Balance Outstanding		Unconfirmed Balance Outstanding		Total	
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperation	-	-	225	315	225	315
National School of Government	-	-	30	-	-	-
TOTAL	-	-	255	315	225	315



[illegible]

[illegible]